

WILLIAMS MULLEN

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June 14, 2016

VIA EMAIL ONLY

Stacey Haire, Senior Attorney
Office of Regional Counsel
U.S. Environmental Protection Agency
61 Forsyth Street, S.W.
Atlanta, GA 30303

Re: CTS Superfund Site

Dear Stacey:

As you are aware, I represent Northrop Grumman Systems Corporation ("NGSC") in connection with the above-referenced site. During our call on June 8, I mentioned that TRW sold its Resistive Products Division – a division that consisted of the IRC, Inc. assets it purchased in 1967 – to Crystalate Holdings plc ("Crystalate") in 1986.¹ Indeed, on September 9, 1986, approximately one month before closing, Crystalate incorporated a Delaware subsidiary known as International Resistive Company, Inc., and subsequently transferred the assets of the Resistive Products Division to that subsidiary. We understand the former IRC, Inc. assets continue to reside in that corporation and that it continues to manufacture and sell products as "IRC." As part of the 1986 transaction, Crystalate assumed all pre-closing liabilities associated with the IRC, Inc. assets, except for certain excluded liabilities which have no application here. This assumption of liability occurred 16 years before Northrop Grumman acquired TRW in 2002.

Enclosed is a copy of the Agreement of Purchase and Sale (the "Agreement") dated October 14, 1986 between Crystalate, as buyer, and TRW, Inc. and certain named subsidiaries, as sellers (collectively "TRW"). Pursuant to Section 2.1 of the Agreement, Crystalate agreed to "assume and become *directly and solely responsible* for the payment or discharge of all of the Assumed Liabilities." (emphasis added.) The Assumed Liabilities are defined in Section 2.4 as *all* liabilities and obligations of TRW arising out of the "Business" (defined to mean the business

¹ Crystalate was purchased by TT Group on August 30, 1990, and International Resistive Company, Inc. became a subsidiary of TT Group then. TT Group changed its name to TT Electronics plc in 2000 and continues to own International Resistive Company, Inc.



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of the Resistive Products Division) *other than* Excluded Liabilities.² Excluded Liabilities are defined in Section 2.5. Thus, unless a liability qualifies as an Excluded Liability, it's an Assumed Liability. EPA's claim for response costs at the CTS site is clearly not an Excluded Liability, which means that, to the extent liability remained with the former IRC, Inc. assets, Crystalate – and now TT Electronics plc and its subsidiary International Resistive Company, Inc. – is “directly and solely responsible for” those costs.

Our view continues to be that when CTS acquired the Asheville site from IRC, Inc. in 1959 and thereafter operated it as a continuing enterprise, CTS acquired IRC Inc.'s CERCLA liability under the “continuity of enterprise” exception adopted by the Fourth Circuit in *Carolina Transformer*. However, to the extent any liability was transferred to TRW when TRW acquired IRC, Inc. in 1967, that liability was assumed by Crystalate when Crystalate bought the former IRC, Inc. assets from TRW in 1986. In short, any path of alleged liability that leads to NGSC is extremely attenuated. Instead, CTS, a company that obtained the benefits of IRC, Inc.'s operations at the Asheville site – and Crystalate, TT Electronics plc and International Resistive Company, Inc. – companies that continued to operate the IRC, Inc. assets and manufacture and sell products under the IRC name – are the companies on which EPA should be focusing.³

CTS was and is the company that both legally and as a matter of fairness should be required to investigate and remediate the Asheville site, and we expect it will make a “good faith offer” to EPA to do so. Nevertheless, we also expect that CTS will ultimately assert a claim against NGSC for the response costs it has incurred in connection with the site. If and when that occurs, NGSC will file a third party complaint against TT Electronics plc and International Resistive Company, Inc. since those companies agreed to assume any such liability.

EPA previously determined not to require NGSC to participate in the response actions conducted by CTS at the site. For the reasons stated above, we don't believe NGSC has liability, and we ask EPA to continue to forego any action against NGSC. Doing so will allow CTS, NGSC, TT Electronics plc, and International Resistive Company, Inc. to litigate in one proceeding all liability and responsibility among them for both removal *and* remedial costs. This avoids any prospect of the United States becoming involved in litigation concerning the site, and it simplifies EPA's management of the site because the agency will continue to deal solely with CTS rather than multiple parties.

² In addition to this broad assumption of liability, the definition lists specific types of liabilities and obligations that qualify as “Assumed Liabilities,” but notes that the listing is provided “[w]ithout limiting the generality of the foregoing.” None of the specific liabilities and obligations listed as “Assumed Liabilities” concern hazardous substances or liabilities associated with former assets, so the listing is not relevant for purposes of this analysis.

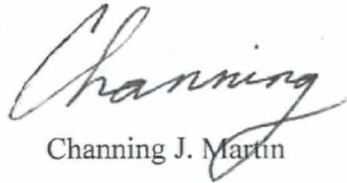
³ Information about IRC and IRC products can be found on TT Electronics' website at <http://www.ttelectronicsresistors.com/heritage.php>

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Please give me a call after you have reviewed this letter.

Very truly yours,

A handwritten signature in cursive script that reads "Channing".

Channing J. Martin

CJM/rno
Enclosure

31475605_1.docx

AGREEMENT OF PURCHASE AND SALE

between

CRYSTALATE HOLDINGS plc

and

TRW INC., TRW ELECTRONICS SUPPLY COMPANY,
and TRW RESISTIVE PRODUCTS, INC.

Dated as of October 14, 1986

TRW-MGR-0737

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AGREEMENT OF PURCHASE AND SALE

This AGREEMENT OF PURCHASE AND SALE (this "Agreement") is dated as of October 14, 1986, and is between Crystalate Holdings plc ("Purchaser"), a company registered in England, and TRW Inc. ("TRW"), an Ohio corporation, TRW Electronics Supply Company ("TRWESCO"), a Pennsylvania corporation, and TRW Resistive Products Inc. ("TRWRPI"), a Delaware corporation. TRWESCO and TRWRPI are sometimes herein individually referred to as "Subsidiary" and collectively as "Subsidiaries."

Recitals

A. Through its Resistive Products Division, TRW is engaged in the business of (i) designing, developing, manufacturing, assembling, selling and servicing resistor products generally, including thick film, flameproof, wirewound, high voltage, high frequency and printed resistors, resistive type products generally described as thick film resistive networks, thin film resistive networks, discrete leaded metal film and glaze, resistive products capable of being surface mounted, other solely resistive type hybrids, modules and substrate products (all hereinafter collectively the "Products"); and (ii) marketing, distributing and otherwise selling and servicing other non-resistive products purchased from other TRW operations and from various non-TRW sources. The foregoing shall constitute the "Business" for purposes of this Agreement.

B. As part of a major program to restructure TRW, TRW has decided to sell the Business.

C. Purchaser desires to purchase from TRW and the Subsidiaries, and TRW and the Subsidiaries desire to sell to Purchaser, the Business on and subject to the terms and conditions contained in this Agreement.

Terms and Conditions

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, and intending to be legally bound hereby, Purchaser, TRW and the Subsidiaries hereby agree as follows:

TRW-MGR-0742

ARTICLE I

General Provisions

1.1 Definitions: Appendix A to this Agreement sets forth the definitions of certain terms used in this Agreement. Those terms shall have the meanings set forth on Appendix A where used herein and identified with initial capital letters.

1.2 Other Definitions and Meanings; Interpretation: For purposes of this Agreement, the term "parties" means (except where the context otherwise requires) Purchaser, TRW and the Subsidiaries; the term "person" includes any natural person, firm, association, partnership, corporation, or other entity other than the parties; and the words "hereof", "herein", "hereby" and other words of similar import refer to this Agreement as a whole. The Table of Contents and the headings of the Articles and Sections of this Agreement have been included herein for convenience of reference only and shall not be deemed to affect the meaning of the operative provisions of this Agreement. All dollar amounts referred to herein are in United States Dollars.

1.3 TRW's Knowledge: Where a statement contained in this Agreement is said to be to "TRW's knowledge" (or words of similar import) such expression means that, after having conducted a due diligence review and in reliance on due diligence certifications, both as described in Appendix B hereto, the management of TRW believes the statement to be true, accurate, and complete in all material respects.

ARTICLE II

Purchase and Sale

2.1 Transaction: On and subject to the terms and conditions of this Agreement, at the Closing, (a) Purchaser will purchase from TRW and the Subsidiaries, and TRW and the Subsidiaries will sell, transfer, and assign to Purchaser, or cause to be sold, transferred, and assigned to Purchaser, all of the Acquired Assets; (b) Purchaser will assume and become directly and solely responsible for the payment or discharge of all of the Assumed Liabilities; (c) Purchaser will pay to TRW the Purchase Price as herein provided; and (d) Purchaser and TRW shall be obligated to make the Adjustments as provided in Section 2.7 hereof. Notwithstanding such transaction, TRW or a Subsidiary will retain the Excluded Assets and the Excluded Liabilities.

2.2 Acquired Assets: For purposes hereof the term "Acquired Assets" means all assets, properties, and rights held

by TRW and the Subsidiaries as of the Closing (other than Excluded Assets) which are used in the conduct of the Business, including, all assets reflected on the balance sheet of the Business as of the Closing, but excluding the Excluded Assets. Without limiting the generality of the foregoing, the Acquired Assets will include all goodwill associated with the Business and all of TRW's and the Subsidiaries' rights, title, and interest in and to the following assets (other than Excluded Assets) which are used by TRW and the Subsidiaries in their conduct of the Business as of the Closing:

(a) All notes, accounts, and trade acceptances receivable;

(b) All prepaid and similar items, including, without limitation, all prepaid expenses, deferred charges, advance payments, and other prepaid items;

(c) All inventories, wherever located, including, without limitation, inventories of raw materials, work-in-process, spare parts, finished goods, operating supplies, containers and packaging;

(d) All real property (whether as owner, lessor, lessee, or otherwise) including, without limitation, all land, buildings, improvements, fixtures, and appurtenances thereto, and all such items under construction;

(e) All personal property owned by TRW or the Subsidiaries, including without limitation, all machinery, equipment, tooling, dies, molds, jigs, patterns, gauges, materials handling equipment, furniture, office equipment, cars, trucks, and other vehicles and, to the extent assignable by TRW or the Subsidiaries, all such personal property not owned by TRW or the Subsidiaries;

(f) To the extent assignable, all orders, contracts, and commitments for the purchase of goods and/or services, including, without limitation, all such items relating to the purchase of capital, tooling, products, supplies, and services;

(g) To the extent assignable, all orders, contracts, and commitments for the sale of the Products, including, without limitation, all such items relating to distribution, dealership, and similar arrangements;

(h) To the extent assignable, all other orders, contracts, and commitments, including, without limitation, all leases, licenses, causes of action, rights of action, and warranty and product liability claims against other persons;

(i) All Intellectual Property, including, without limitation, all patents, trademarks, tradenames, copyrights, trade secrets, technical information, manufacturing processes and techniques, designs, drawings, and other know-how, and, to the extent assignable, all licenses and technical assistance agreements;

(j) To the extent assignable, all permits, approvals, qualifications, and the like issued by any government or governmental unit, agency, board, body, or instrumentality, whether federal, state or local, and all applications therefor;

(k) Subject to the provisions of Section 7.4 hereof, all business books, records, reports and computerized data, to the extent located upon the premises of the Business, including, without limitation, all financial, operating, inventory, personnel, payroll, and customer records (including, without limitation, customer lists and sales and payment information) and all sales and promotional literature, correspondence, and files, and contracts relating to the Acquired Assets or the Assumed Liabilities; and

(l) Any and all royalty payments under the Intellectual Property listed on Part J of the Disclosure Package which are due and payable after the date of Closing.

2.3 Excluded Assets: For purposes hereof the term "Excluded Assets" means the following rights, properties, and assets as the same shall exist as of the Closing:

(a) All cash and cash equivalent items held by or payable to TRW and its Subsidiaries as of the Closing, including, without limitation, certificates of deposit, time deposits, marketable securities, and the proceeds of accounts receivable paid on or prior to the Closing;

(b) All rights, properties, and assets of TRW and the Subsidiaries used by TRW and the Subsidiaries primarily in a business other than the Business, including, without limitation, all assets, rights and properties of the TRW Research and Development Laboratory;

(c) All rights, properties, and assets of the Business which shall have been transferred or disposed of by TRW and the Subsidiaries prior to the Closing in transactions conducted in the ordinary course of business and not in breach of this Agreement;

(d) Subject to Section 7.3 hereof, the name and trademark "TRW" and related trademarks, corporate names, and trade names incorporating "TRW" or the stylized "TRW" logo which is used by TRW as part of any trademark or trade name;

(e) All assets held by TRW, whether in trust or otherwise, in respect of employee benefit plans pertaining to employees of the Business, including, without limitation, such plans which are retained by TRW pursuant to Article VIII hereof;

(f) All assets, whether or not used by TRW primarily in its conduct of the Business, which are identified on Annex A-6 to Part A of the Disclosure Package;

(g) All receivables from any division or subsidiary of TRW;

(h) All accruals relating to local, state or federal income taxes;

(i) Any and all shares of capital stock held by TRW and the Subsidiaries;

(j) All rights, properties, and assets of Koa TRW Inc. ("KTI"); and

(k) Any and all royalty payments under the Intellectual Property listed on Part J of the Disclosure Package which are due and payable before or on the date of Closing.

2.4 Assumed Liabilities: For purposes hereof the term "Assumed Liabilities" means all liabilities and obligations of TRW and the Subsidiaries other than Excluded Liabilities as of the Closing arising out of TRW's and the Subsidiaries' conduct of the Business including, without limitation, all liabilities reflected in the Closing Net Book Value as defined in 2.7(e) ("Closing Net Book Value"). Without limiting the generality of the foregoing, the Assumed Liabilities will include the following liabilities and obligations (other than Excluded Liabilities) which arise or have arisen primarily out of TRW's and the Subsidiaries' conduct of the Business at or prior to the Closing:

(a) All liabilities and obligations incurred by TRW and the Subsidiaries in its conduct of the Business in the ordinary course which are accrued on the books of the Business as of the Closing and which are due and payable after the Closing;

(b) All liabilities and obligations of TRW and the Subsidiaries under orders, contracts (including, without limitation, leases), and other commitments included in the Acquired Assets;

(c) All liabilities and obligations with respect to claims of customers of the Business (including, without

limitation, original equipment manufacturers) under engineering change orders and other similar directives not fully performed or resolved as of the Closing;

(d) All liabilities and obligations arising out of, resulting from, or relating to claims incurred which have not been resolved or settled prior to the Closing seeking replacement and/or repair of Products pursuant either to express product warranties extended by TRW and the Subsidiaries in the ordinary course of business prior to the Closing or product warranties or obligations implied or provided by law;

(e) All liabilities and obligations arising out of, resulting from, or relating to claims seeking compensation or recovery for or relating to injury to person or damage to property arising out of a defect or alleged defect of any Product shipped by Purchaser or any service rendered by Purchaser after the Closing, including, without limitation, tort liability, product liability, consequential damages, penalties, attorneys' fees, and any and all reasonable costs and expenses incurred in investigating and defending such matters;

(f) All liabilities and obligations arising out of, resulting from, or relating to any tort, breach of contract or warranty, violation of any statute, ordinance, regulation, or other governmental requirement in connection with the use, design, and ownership of the Acquired Assets by Purchaser after the Closing or the conduct of the Business by Purchaser after the Closing;

(g) All liabilities and obligations arising out of, resulting from, or relating to claims of infringement or other misappropriation of the Intellectual Property rights of other persons with respect to the manufacture, use, and sale of Products by Purchaser or conduct of the Business by Purchaser after the Closing;

(h) All liabilities and obligations arising out of, resulting from, or relating to claims of employees of the business from and after the date of Closing in connection with employee benefit plans which Purchaser establishes or maintains pursuant to Article VIII hereof; and

(i) All liabilities and obligations of TRW as the employer under the Corpus Union Contract and Philadelphia Union Contract from and after the Closing except liabilities and obligations relating to the Complemental Plan or the Philadelphia Plan;

(j) All liabilities and obligations with respect to Products returned by any and all distributors listed on Annex I-5 to Part I of the Disclosure Package;

(k) All liabilities and obligations from and after the Closing relating to employee severance or termination pay whether an employee of the Business is employed by TRW or a Subsidiary; provided, however, this provision shall not apply to any employee who has terminated his or her employment with TRW prior to the Closing.

2.5 Excluded Liabilities: For the purposes hereof the term "Excluded Liabilities" means the following liabilities and obligations as the same shall exist as of the Closing:

(a) All liabilities and obligations incurred by TRW and the Subsidiaries in connection with the conduct of businesses other than the Business;

(b) All liabilities and obligations of the Business which have been fully discharged or satisfied by TRW or a Subsidiary prior to the Closing in transactions in the ordinary course of business and not in breach of this Agreement;

(c) All liabilities and obligations arising out of TRW's obligations under Article VIII hereof;

(d) All liabilities and other obligations to TRW or any of its divisions or subsidiaries;

(e) Liabilities and obligations, whether or not arising primarily out of TRW's and the Subsidiaries' conduct of the Business, which are identified on Annex A-7 to Part A of the Disclosure Package;

(f) All liabilities and obligations arising out of, resulting from, or relating to claims seeking compensation or recovery for or relating to injury to person or damage to property arising out of a defect or alleged defect of a Product shipped or service rendered by TRW or a Subsidiary prior to the Closing, including, without limitation, tort liability, product liability, consequential damages, penalties, attorneys' fees, and any and all reasonable costs and expenses incurred in investigating and defending such matters;

(g) All liabilities and obligations arising out of, resulting from, or relating to any tort, breach of contract or warranty, violation of any statute, ordinance, regulation, or other governmental requirement in connection with the use, design, and ownership of the Acquired Assets

by TRW or a Subsidiary before the Closing or the conduct of the Business by TRW or a Subsidiary before the Closing;

(h) All liabilities and obligations arising out of, resulting from, or relating to claims of infringement or other misappropriation of the Intellectual Property rights of other persons with respect to the manufacture, use and sale of Products by TRW or conduct of the Business by TRW prior to the Closing;

(i) All liabilities and obligations arising out of, resulting from, or relating to taxes which are or may become due from the Business to any federal, state, or local agency in connection with the operation of the Business prior to the Closing; and

(j) All liabilities and obligations arising out of, resulting from, or relating to KTI.

2.6 Purchase Price: For purposes hereof, the term "Purchase Price" means Thirty Million Six Hundred Five Thousand Dollars (\$30,605,000.00) plus or minus the amount of the Adjustment.

2.7 Adjustment: The Adjustment will be determined as follows:

(a) **Post-Closing Examination:** Promptly after the Closing, TRW will examine the annual operating performance of the Business for the ten (10) months ended October 31, 1986 and the Acquired Assets and the Assumed Liabilities as of the Closing. Purchaser shall have the right to have a representative present during such examination. Within sixty (60) days after the Closing or as soon thereafter as reasonably possible, but in no event later than ninety (90) days after the Closing, TRW will deliver to Purchaser a report based on the examination (the "Report") which shall include a year to date Profit and Loss Statement for the Business as of October 31, 1986 ("October 1986 P&L") stating the year to date Profit Before Tax of the Business as of that date ("October 1986 PBT") and shall state the aggregate book value of assets included in the Acquired Assets and the aggregate book amount of liabilities included in the Assumed Liabilities reflected on the books of TRW and the Subsidiaries as of the Closing. The Report shall be prepared in accordance with the accounting principles described in Section 2.7(c). Purchaser shall make available to TRW the records and books relating to the Business necessary for TRW to conduct said examination.

(b) **Review by Purchaser:** Following receipt of the Report, Purchaser will be afforded a period ending on thirty

(30) days from the date of such receipt or sixty (60) days after the date of the Closing, whichever is later, to review the Report. At or before the end of that period, Purchaser will either (i) accept the Report in its entirety, in which case the October 1986 PBT and the aggregate book value of assets included in the Acquired Assets and the aggregate book amount of liabilities included in the Assumed Liabilities as of Closing will be deemed to be as set forth on the Report, or (ii) deliver to TRW written notice and a detailed written explanation of those items in the Report which Purchaser disputes, in which case the aggregate book value of the Acquired Assets and the aggregate book amount of the Assumed Liabilities as of the Closing and any entries on the October 1986 P&L not affected by the disputed items will be deemed to be as set forth on the Report. Within a further period of thirty (30) days from the end of the aforementioned review period, the parties will attempt to resolve in good faith any disputed items. Failing such resolution, the unresolved disputed items will be referred for final binding resolution to a nationally recognized firm of certified public accountants mutually acceptable to TRW and Purchaser. If the parties are unable to agree upon such an accounting firm within an additional thirty (30) day period, the disputed items shall be referred to Peat, Marwick, Mitchell & Co. for resolution. The aggregate book value of Acquired Assets and aggregate book amount of Assumed Liabilities as of the Closing affected by such unresolved disputed items (if any) and the October 1986 PBT will be deemed to be as determined by said accountants in accordance with the accounting principles described in Section 2.7(c) within thirty (30) days of such reference.

(c) Accounting Principles: For purposes of the Report, the aggregate book value of the Acquired Assets and the aggregate book amount of the Assumed Liabilities and the October 1986 PBT will be determined in accordance with Generally Accepted Accounting Principles ("GAAP") as consistently applied by TRW with respect to the Business as modified by the supplemental accounting practices described on Annex A-5 to Part A of the Disclosure Package. Only assets and liabilities reflected on the balance sheet of the Business in accordance with such principles will be taken into account for purposes of determining the Closing Net Book Value. In addition, for purposes of determining the Closing Net Book Value and the October 1986 PBT the assets and liabilities of the Subsidiaries shall be deemed to be Acquired Assets and Assumed Liabilities as if held directly by TRW.

(d) Base-Line Net Book Value and June 27, 1986 Profit Before Tax: The Base-Line Net Book Value will be an amount equal to Twenty-Two Million Seven Hundred Thirty-Two

Thousand Dollars (\$22,732,000.00) ("Base-Line Net Book Value") and the Profit Before Tax of the Business as of June 27, 1986 ("June 1986 PBT") is an amount equal to One Million Nine Hundred Sixty-Seven Thousand Dollars (\$1,967,000.00).

(e) Determination of Closing Net Book Value: The Closing Net Book Value will be an amount equal to the aggregate book value of assets included in the Acquired Assets minus the aggregate book amount of liabilities included in the Assumed Liabilities as of the Closing, both as determined under Section 2.7(c).

(f) Amount of Adjustment: Pursuant to Section 2.6 and subject to the determination of the October 1986 P&L and the Closing Net Book Value, the Purchase Price shall be adjusted by the amount of the Adjustment, determined as follows:

(i) The Base Line Net Book Value shall be subtracted from the Closing Net Book Value of the Business;

(ii) The projected year-to-date October 1986 PBT (being the amount of \$3,784,000.00) shall be subtracted from the October 1986 PBT of the Business;

(iii) The amount determined pursuant to Subsection (i) above, whether a positive or a negative number, shall be added to the amount determined pursuant to Subsection (ii) above, whether a positive or a negative number, and the resultant net amount, whether a positive or a negative number, shall be the amount of Adjustment for purposes of Section 2.6 hereof, and shall be paid as provided in Section 2.8(b) or 2.8(c) hereof.

2.8 Payment of and Adjustment to Purchase Price: Purchaser will pay the Purchase Price as follows:

(a) At the Closing, Purchaser will pay TRW Thirty Million Six Hundred Five Thousand Dollars (\$30,605,000.00); and

(b) If the Adjustment is a positive amount, then Purchaser will pay TRW the amount of the Adjustment within ten (10) business days after the final determination of the Purchase Price pursuant to Section 2.7(f).

(c) If the Adjustment is a negative amount, then TRW will refund to Purchaser the amount of the Adjustment within ten (10) business days after the final determination of the Purchase Price pursuant to Section 2.7(f).

2.9 Method of Payment: All payments hereunder shall be made by delivery to the payee--

(a) upon the prior request of the payee, by depositing, by bank wire transfer, the required amount (in immediately available funds) in an account of the payee designated by the payee for such purpose at least five (5) business days prior to the date of the required payment; or

(b) in all other cases, of one or more bank cashiers checks (in immediately available funds) drawn on a bank or banks acceptable to the payee and payable to the order of the payee.

ARTICLE III

Representations and Warranties

3.1 TRW's General Representations and Warranties: TRW hereby represents and warrants to Purchaser the following:

(a) Organization and Existence: TRW is a corporation duly organized, validly existing, and in good standing under the laws of the State of Ohio and TRWRPI and TRWESCO are duly organized, validly existing and in good standing under the laws of Delaware and Pennsylvania respectively.

(b) Power, Authority and Qualification: TRW has full corporate power and authority under its Amended Articles of Incorporation and Regulations and the laws of the State of Ohio to execute, deliver, and perform this Agreement. The Subsidiaries have full corporate power and authority under their respective constitutive documents and places of incorporation to execute, deliver and perform this Agreement. TRW is qualified to conduct business in Pennsylvania, North Carolina and Texas, TRWRPI is qualified to conduct business in Delaware and Barbados, and TRWESCO is qualified to conduct business in Pennsylvania. To TRW's knowledge, no other qualification is required to conduct business in the above-named jurisdictions.

(c) Authorization: The execution, delivery, and performance of this Agreement by TRW and the Subsidiaries have been duly authorized by all requisite corporate action on the part of TRW and the Subsidiaries.

(d) Binding Effect: This Agreement is a valid, binding, and legal obligation of TRW and the Subsidiaries.

(e) No Default: The execution and delivery of this Agreement and TRW's and the Subsidiaries' full performance of their obligations hereunder will not violate or breach, or otherwise constitute or give rise to a Default under, the terms or provisions of TRW's Amended Articles of

Incorporation or Regulations or any Subsidiary's constitutive documents or of any material contract, commitment, mortgage, deed of trust, lease or other obligation to which TRW or a Subsidiary is a party.

(f) **Finders:** TRW and the Subsidiaries have not engaged and are not directly or indirectly obligated to anyone acting as a broker, finder, or in any other similar capacity in connection with TRW's and the Subsidiaries' sale of the Business except Salomon Brothers Inc.

(g) **No Knowledge of Purchaser Default:** TRW has no knowledge that any of Purchaser's representations and warranties are untrue, incorrect, or incomplete or that Purchaser is in Default under any term or provision of this Agreement.

(h) **Insurance:** TRW and the Subsidiaries maintain in effect insurance covering the Acquired Assets and any liabilities relating thereto in any amount reasonably believed adequate by TRW and the Subsidiaries, and such insurance coverage shall be maintained by TRW and the Subsidiaries until the close of business on the date of Closing.

(i) **Conduct of the Business:** Except for the Excluded Assets, the Acquired Assets include all material assets and properties, whether tangible or intangible, including all Intellectual Property necessary to conduct the Business in the ordinary course as it has been conducted by TRW and the Subsidiaries prior to the date hereof and as it will be conducted by TRW and the Subsidiaries to the date of the Closing.

(j) **Representations and Warranties True and Complete:** All representations and warranties of TRW in this Agreement are true, accurate, and complete in all material respects as of the date hereof, will be true, accurate, and complete in all material respects as of the Closing (as if such representations and warranties were made anew as of the Closing, except with respect to the effect of transactions contemplated or permitted by this Agreement and with respect to the effect of the passage of time upon dated material in the Disclosure Package).

3.2 TRW's Representations and Warranties Concerning the Disclosure Package: TRW has delivered to Purchaser prior to the execution and delivery of this Agreement the Resistive Products Division Disclosure Package (the "Disclosure Package"); which consists of fifteen (15) Parts, consecutively lettered A-O inclusive (individually herein referred to as the appropriate "Part"). TRW hereby represents and warrants to Purchaser that

the Disclosure Package contains the information described in Appendix C hereto and listed or described on the Memorandum dated the date of this Agreement attached to Appendix C. In addition, TRW hereby represents and warrants to Purchaser the following:

(a) **Financial Statements:** Except as otherwise disclosed on Part A, the financial statements contained in Part A have been prepared in accordance with Generally Accepted Accounting Principles ("GAAP") as consistently applied by TRW with respect to the Business as modified by the supplemental accounting principles described on Annex A-5 to Part A of the Disclosure Package and fairly present the financial position and results of operation of the Business as of the dates and for the respective time periods covered thereby. The Base-Line Balance Sheet constitutes a pro forma restatement of the balance sheet of the Business giving effect to the division of assets and liabilities between TRW (including the Subsidiaries) and Purchaser as contemplated in Article II hereof and the supplemental accounting principles described on Annex A-5 to Part A. To TRW's knowledge, except as disclosed in the Disclosure Package, there are no material liabilities, contingent or otherwise, of TRW and the Subsidiaries with respect to the Business not reflected or disclosed in the financial statements and the footnotes thereto, other than Excluded Liabilities and liabilities not required to be mentioned pursuant to GAAP.

(b) **Investments:** Except the Subsidiaries and as otherwise disclosed on Part B and subject to investments arising out of the temporary investment of short term cash and of TRW employee benefit plans, TRW does not own or hold any controlling equity interest, directly or indirectly, in any corporation, partnership, joint venture, business, firm or other entity which, to TRW's knowledge, engages in any business in competition with the Business and TRW or a Subsidiary is a party to no commitment or agreement to acquire any such interest.

(c) **Receivables:** Except as otherwise disclosed on Part C, (1) TRW or a Subsidiary has Ownership of all notes receivable and accounts receivable, and trade acceptances receivable listed on Annexes C-1 and C-2 to Part C; and (2) none of such receivables are owing to the Business by any subsidiary or affiliate of TRW; and (3) to TRW's knowledge, all of such receivables are genuine, valid, good and collectible obligations owed to TRW and the Subsidiaries as a result of bona fide sales of merchandise delivered to customers in the ordinary course of business, and; (4) to TRW's knowledge, there are no refunds, reimbursements, discounts or other adjustments payable by either TRW or the Subsidiaries in respect of such receivables, nor is there

any defense, right of set-off, assignment, pledge, lien, encumbrance or other security or interest enforceable in or with respect to such receivables.

(d) **Inventories:** Except as otherwise disclosed on Part D, (1) TRW or a Subsidiary has Ownership of all inventories described on Part D; and (2) all such inventories have been restated on the Base-Line Balance Sheet using the "first in-first out" method of accounting net of reserves; and (3) are of quality currently usable and merchantable within a reasonable time in the ordinary course of the Business, without markdown or discount.

(e) **Real Estate:** Except as otherwise disclosed on Part E, (1) TRW has Ownership to all of the real properties listed as "owned" on Annex E-1 to Part E; (2) in all material respects, TRW or a Subsidiary has the right under valid and subsisting leases to occupy and control as a lessee (subject to the terms of such leases and to the possible effect of the Bankruptcy Code in the event of a lessor's bankruptcy or the effect of a condemnation or confiscation of the leased premises) all of the real property listed as "leased" on Annex E-3 to Part E; (3) to TRW's knowledge, TRW or a Subsidiary is not in Default which Default gives the lessor the right to terminate the lease or renegotiate the rental rate; and (4) to TRW's knowledge, the properties listed on Annex E-1 and Annex E-3 to Part E are in a reasonable state of repair as of the Closing; (5) no party other than TRW or the Subsidiaries is in possession of the properties listed on Annex E-3 to Part E or any portion thereof, and to TRW's knowledge, TRW's and the Subsidiaries' sole possession of said properties is undisputed; (6) to TRW's knowledge, the properties listed on Annex E-1 to Part E conform to all applicable federal, state and local laws and regulations and are zoned for the various purposes for which they are currently being used; (7) to TRW's knowledge, the properties listed on Annex E-1 to Part E, including without limitation the soil, sub-soil and groundwater, are free of "hazardous substances" (as that term is defined in the Federal Comprehensive Environmental Response Compensation Liability Act ("CERCLA"), 42 U.S.C. Section 9601(14), in any "reportable quantity" (as that term is defined in Section 9602 of CERCLA or Title 33 Section 1321 of the Federal Clean Water Act, whichever is applicable) and are free of any oil, hazardous substance or other discharge or substance in such quantities as are prohibited under the North Carolina Oil Pollution and Hazardous Substances Control Act, as codified in N.C. Gen. Stat. Sections 143-215.75 - 143-215.98 resulting from TRW's or the Subsidiaries' use or from any other cause; and (8) neither TRW nor any Subsidiary has received written notice of pending or threatened claims, eminent domain actions or

investigations and, to TRW's knowledge, no such matters are threatened against TRW or the Subsidiaries which would materially and adversely affect the properties listed on Annexes E-1 and E-3 to Part E.

(f) **Personal Property:** Except as otherwise disclosed on Part F, (1) TRW or a Subsidiary has Ownership of all tangible personal property listed as "owned" on Annex F-1 to Part F; (2) in all material respects, TRW or a Subsidiary has the right under valid and subsisting leases to possess and control as lessee all of the tangible personal property listed as "leased" on Annex F-1 to Part F (subject to the terms of such leases and to the possible effect of the Bankruptcy Code in the event of a lessor's bankruptcy or the effect of a condemnation or confiscation of the leased property); (3) to TRW's knowledge, TRW or any Subsidiary is not in Default under any such lease, which Default gives the lessor the right to terminate the lease or renegotiate the rental rate; and (4) to TRW's knowledge, the personal property listed on Annex F-1 to Part F is in a reasonable state of repair as of the Closing.

(g) **Liabilities:** Except as otherwise disclosed on Part G, neither TRW nor any Subsidiary is in Default under any note, bond, debenture, mortgage, indenture, security agreement, guaranty, or other instrument of indebtedness, which Default is likely to have a material and adverse effect on the Business.

(h) **Litigation:** Except as otherwise disclosed on Part H, (1) neither TRW nor any Subsidiary has received notice of any pending litigation, proceedings, actions, claims, or investigations at law or in equity, to TRW's knowledge, there are no such threatened matters which would, in the aggregate, have a material and adverse effect on the Business; and (2) neither TRW nor any Subsidiary is subject to a notice, writ, injunction, order, or decree of any court, agency, or other governmental authority.

(i) **Contracts:** Except as otherwise disclosed on Part I, to TRW's knowledge, (1) each of the contracts, commitments, and other obligations listed on Part I is a valid and binding obligation of TRW or a Subsidiary and the other party or parties thereto; (2) neither TRW, any Subsidiary nor any other party thereto has terminated, cancelled, or substantially modified any material contract, commitment, or other obligation of the Business; (3) neither TRW, any Subsidiary nor any other party thereto is in Default under any contract, commitment, or other obligation identified in Part I, which Default will give the other party the right to terminate or renegotiate its principal terms; and (4) all agreements, contracts, commitments and

obligations listed on Part I are assignable to Purchaser, shall be effectively assigned to Purchaser at the Closing, and none of such agreements, contracts, commitments and obligations will require Purchaser as the assignee thereof to be beneficially owned or controlled by citizens of the United States of America.

(j) Intellectual Property: Except as otherwise disclosed on Part J, (1) TRW has Ownership of the Intellectual Property listed as "owned" on Annexes J-1, J-2, J-3, and J-4 to Part J; (2) TRW has the right under valid and subsisting license, technology, or similar agreements referred to on Annex J-5 to Part J to employ the Intellectual Property listed as licensed on said Annex J-5 to Part J in its conduct of the Business subject only to the terms of any such agreements referred to in Annex J-5 to Part J; (3) to TRW's knowledge, TRW is not in Default under any such agreement referred to in Annex J-5 to Part J, which Default is likely to have a material and adverse effect on the Business or which does, or with the passage of time or notice or other act of the other party or parties thereto will give such other party or parties the right to terminate or renegotiate its principal terms; (4) except as disclosed in Annex J-6, TRW has granted no rights or interest to any person in connection with any of the Intellectual Property described in Annexes J-1, J-2, J-3, and J-4 to Part J; and (5) to TRW's knowledge, TRW and the Subsidiaries are not obligated to pay any amount, whether as a royalty, license, fee, or other payment to any person in order to use any of the Intellectual Property used by TRW and the Subsidiaries in their conduct of the Business, which obligation or payment would adversely and materially affect the Business and TRW has not received written notice alleging any such payment is due, payable or required;

(k) Employee Benefits: Except as otherwise disclosed on Part K, TRW has no material pension, retirement, profit-sharing, employee stock option or stock purchase, bonus, deferred compensation, incentive compensation, life insurance, health insurance, fringe benefit, or other employee benefit plan relating and applicable to the Business or its employees.

(l) Permits and Approvals: Except as otherwise disclosed on Part L, insofar as the Business is concerned, to TRW's knowledge, (1) TRW and the Subsidiaries are not in Default under any material permit, license, approval, or qualification listed on Annex L-1 to Part L, which Default is likely to have a material and adverse effect on the Business; (2) no other permit, license, approval, or qualification of any government or governmental unit, agency, board, body, or instrumentality, whether federal,

state, or local, is necessary, in a material and substantial sense, for the conduct of the Business as the same has been and is being conducted; and (3) none of TRW and the Subsidiaries has received any written notice from any governmental agency or authority notifying any of them of any failure to obtain or maintain in current effectiveness any permit, license, approval or qualification material to the conduct of the Business including the use and occupancy of the Acquired Assets.

(m) Compliance with Laws: Except as otherwise disclosed on Part M, to TRW's knowledge, TRW and the Subsidiaries are in compliance with all laws, ordinances, codes, restrictions, regulations, and other legal requirements applicable to TRW's and the Subsidiaries' conduct of the Business the noncompliance with which would be likely to have a material and adverse effect on the Business.

(n) Payment of Taxes; Tax Liens: Except as otherwise disclosed in Part N, (1) all tax returns required to be filed by TRW and the Subsidiaries with respect to the Business including, without limitation, returns relating to income tax withholding, social security and unemployment taxes, have been or will be filed on or before the Closing Date; (2) all taxes indicated as due and payable on such returns have been or will be paid by TRW and the Subsidiaries when required by law; (3) for all periods prior to the date of the Closing, proper and accurate amounts have been or will be withheld by TRW and the Subsidiaries from their respective employees engaged in the Business in full compliance with the tax withholding provisions of applicable laws; and (4) to TRW's knowledge, the Acquired Assets are not encumbered by any liens arising out of unpaid taxes which are due and payable.

(o) No Material Events: Except as otherwise disclosed in Part O, the Business has been conducted only in the ordinary and usual course since June 27, 1986, and no Material Events have occurred since June 27, 1986.

3.3 Purchaser's Representations and Warranties: Purchaser hereby represents and warrants to TRW the following:

(a) Organization and Existence: Purchaser is a corporation duly organized, registered, validly existing, and in good standing under the laws of England.

(b) Power and Authority: Purchaser has full corporate power and authority under its Articles of Incorporation and under the laws of England to execute, deliver, and perform this Agreement.

(c) Authorization: The execution, delivery, and performance of this Agreement have been duly authorized by all requisite corporate actions on the part of Purchaser.

(d) Binding Effect: This Agreement is a valid, binding, and legal obligation of Purchaser.

(e) No Default: Neither the execution and delivery of this Agreement nor Purchaser's full performance of its obligations hereunder will violate or breach, or otherwise constitute or give rise to a Default under, the terms or provisions of Purchaser's Articles of Incorporation or of any material contract, commitment, or other obligation to which Purchaser is a party.

(f) Finders: Purchaser has not engaged and is not directly or indirectly obligated to anyone acting as a broker, finder, or in any other similar capacity in connection with Purchaser's purchase of the Business, except for S.G. Warburg & Co. Ltd. and S.G. Warburg & Co. Inc.

(g) No Knowledge of TRW Default: Purchaser has no knowledge that any of the representations and warranties of TRW contained in this Agreement are untrue, incorrect, or incomplete or that TRW is in Default of any term or provision under this Agreement.

(h) Representations and Warranties True and Complete: All representations and warranties of Purchaser in this Agreement are true, accurate, and complete in all material respects as of the date hereof and will be true, accurate, and complete in all material respects as of the Closing (as if such representations and warranties were made anew as of the Closing except with respect to the effect of the transactions contemplated or permitted by this Agreement).

3.4 Disclaimer: Except as set forth in Article III of this Agreement, no party has made any further representation or warranty, either express or implied, concerning the subject matter of this Agreement and no party has relied on any such further representation or warranty. This Agreement shall not be governed by the warranties provided by Article 2 of the Uniform Commercial Code as adopted in any jurisdiction.

3.5 Survival: All representations, warranties and covenants made by Purchaser and TRW and the Subsidiaries in this Agreement shall survive the execution and delivery of this Agreement for an indefinite period from the Closing; provided, however, those representations, warranties and covenants set forth in Sections 3.1(i), 3.2(b), 3.2(c) and 3.2(d) shall survive only until November 30, 1987 and those representations, warranties and covenants set forth in Sections 3.1(j), 3.2(a),

3.2(e), 3.2(f), 3.2(g), 3.2(h), 3.2(i), 3.2(j), 3.2(k), 3.2(l), 3.2(m), 3.2(o) and 3.3(h) shall survive only until November 30, 1988. No party will, however, have any liability to the other arising out of a breach of any representation, warranty, or covenant contained in Article III of this Agreement, and any cause of action based thereupon shall expire and terminate, unless the party claiming that such breach occurred delivers to the allegedly breaching party written notice and a full explanation of the alleged breach on or before 5:00 p.m. of the applicable expiration date set forth in the preceding sentence. The time limitations contained in this Section 3.5 shall not apply to actions relating to the Excluded Liabilities.

ARTICLE IV

Actions Before Closing

4.1 Access to Records: TRW hereby covenants to Purchaser that, between the date hereof and the Closing and subject to the obligation of confidentiality imposed by Section 11.2 hereof, TRW will afford duly authorized representatives and agents of Purchaser, displaying appropriate credentials free and full access during normal business hours to all of the assets, properties, books, and records of the Business and will permit such representatives and agents to make abstracts from, or take copies of, such books, records or other documentation, or to obtain temporary possession of any thereof as may be reasonably required by Purchaser and TRW will furnish to Purchaser such information concerning the Business, and its assets, liabilities, operations or condition as Purchaser may request. TRW will permit such representatives and agents to discuss with its key employees (at reasonable times and intervals during normal business hours) and with its suppliers and customers matters relating to Purchaser's acquisition of the Business. Such access shall not unreasonably interfere with the operation of the Business.

4.2 Interim Conduct of the Business: TRW hereby covenants to Purchaser that, from the date hereof to the Closing, TRW and the Subsidiaries will conduct the Business only in the ordinary and usual course, in accordance with their past practices, including the timing and rate of payment of trade payables, subject to Purchaser's approval of certain transactions pursuant to Section 4.3 hereof below. Without limiting the generality of the foregoing, TRW hereby covenants to Purchaser that, insofar as the Business is concerned, TRW and the Subsidiaries will use their best efforts to:

(a) preserve substantially intact the Business' relationships with suppliers, customers, employees, creditors, and others having business dealings with the Business;

(b) maintain in full force and effect its existing policies of insurance which materially affect the Business;

(c) maintain all Intellectual Property to be included as part of the Acquired Assets in substantially the same standing as exists on the date hereof and continue the prosecution of all applications therefor to the extent practicable and consistent with the pertinent rules of practice;

(d) continue performance in the ordinary course of its obligations under contracts, commitments, or other obligations to be included as part of the Acquired Assets; and

(e) maintain the books and records of the Business in a manner consistent with past practices.

4.3 Purchaser's Approval of Certain Transactions:

TRW hereby covenants to Purchaser that, except as may otherwise be required under this Agreement, from the date hereof to the Closing, insofar as the Business is concerned, TRW and the Subsidiaries will not do any of the following without the prior approval with written confirmation of Purchaser, which approval shall not be unreasonably withheld:

(a) incur or permit the incurrence of any debt for borrowed money or incur any obligation or other liability which would constitute an Assumed Liability, except in the ordinary course of business;

(b) purchase or dispose of any real property or real property interest to be included as part of the Acquired Assets;

(c) enter into any lease of real or personal property or any renewals thereof involving a term of more than one (1) year or rental obligation exceeding Five Thousand Dollars (\$5,000.00) per annum in any single case;

(d) voluntarily permit to be incurred any Encumbrances on any of the Acquired Assets;

(e) except for normal merit or cost-of-living increases in accordance with TRW's past practices, increase the rate of compensation for any of the employees of the Business or otherwise enter into or alter any employment, consulting, or managerial services agreement primarily affecting the Business;

(f) commence, enter into, or alter any pension, retirement, profit-sharing, employee stock option or stock

purchase, bonus, deferred compensation, incentive compensation, life insurance, health insurance, fringe benefit, or other employee benefit plan or arrangement affecting employees of the Business who are to become employees of Purchaser at the Closing (except that this covenant shall not apply to any such plan or arrangement generally applicable to all hourly or all salaried employees of TRW);

(g) make any single new commitment or increase any single previous commitment for capital expenditures in an amount exceeding Twenty Thousand Dollars (\$20,000.00);

(h) accelerate or delay the shipment or sale of Products except as may be necessary in the ordinary course of business;

(i) enter into any transaction, contract or commitment outside of the ordinary course of business, waive any right of substantial value, cancel any debt or claim except in the ordinary course of business or voluntarily suffer any extraordinary loss; or

(j) sell, assign, transfer, license, or convey any of the Intellectual Property to be included as part of the Acquired Assets.

4.4 Negotiation of Other Agreements: TRW and the Subsidiaries hereby covenant to Purchaser, and Purchaser hereby covenants to TRW and the Subsidiaries, that between the date hereof and the Closing the parties will negotiate in good faith such other and further agreements as they may deem appropriate for the orderly transfer of the Business from TRW and the Subsidiaries to Purchaser.

4.5 Consents to Assignment: TRW and the Subsidiaries hereby covenant to Purchaser that, between the date hereof and the Closing TRW or a Subsidiary will use its best efforts to obtain the consents or approvals (or effective waivers thereof) of all persons whose consents or approvals are required for the assignment of TRW's or a Subsidiary's rights under contracts, leases, licenses, permits, approvals, and other similar items constituting part of the Acquired Assets. Failure of TRW to obtain, after good faith attempt, the consents or approvals described in this Section 4.5 shall not give rise to monetary damages against TRW or any Subsidiary.

4.6 Novation of Government Contracts: From the date hereof to the Closing, the parties will cooperate and use their best efforts to obtain, as and to the extent legally required, the novation of all government contracts and subcontracts, if any, included as part of Acquired Assets.

4.7 Hart-Scott-Rodino Notification: TRW hereby covenants to Purchaser, and Purchaser hereby covenants to TRW, that, prior to or immediately after the execution and delivery of this Agreement the parties will promptly proceed with the preparation and filing of the appropriate notification required under Title II of the Hart-Scott-Rodino Antitrust Improvements Act and the rules of the Federal Trade Commission thereunder. From the date hereof to the Closing the parties will cooperate in attempting to secure the expiration of the waiting period prescribed under such Act at the earliest practicable date, including, without limitation, supplying the Federal Trade Commission or the Justice Department, as the case may be, with any additional requested information as expeditiously as possible to the extent that supplying such information is lawful and proper.

4.8 Location of Acquired Assets: At the time of the Closing, all of the tangible Acquired Assets and all evidences of and documentation for the Intellectual Property shall be located on the premises of the Business or delivered to Purchaser at Closing, except as is otherwise disclosed in the Disclosure Package, and as may be otherwise notified to Purchaser in writing not later than ten (10) days prior to the Closing Date and accepted for transfer at such alternate location by Purchaser in writing at least five (5) days prior to the Closing Date.

4.9 Public Announcements: Between the date hereof and the Closing, except as required by law and as disclosed pursuant to a Class I Circular which Purchaser will distribute to its shareholders, no party hereto will make any press release or make any public announcement regarding the transactions contemplated by this Agreement without the prior written approval of both TRW and the Purchaser, which approval shall not be unreasonably withheld.

4.10 Class I Circular: Purchaser covenants to and shall use all best efforts to obtain the consent and approval of its shareholders to the transactions contemplated hereunder pursuant to a circular describing the transactions contemplated hereunder which shall be distributed to the shareholders.

4.11 Underwriting Commitment: Simultaneously with the execution and delivery of this Agreement, Purchaser covenants to and shall enter into a firm underwriting agreement with S.G. Warburg & Co. Ltd. and Robert Fleming & Co. Limited, providing for the raising of the financing necessary to consummate the transactions contemplated hereunder.

4.12 Insurance Proceeds: In the event of any loss or damage to any of the Acquired Assets to the extent insured by TRW and the Subsidiaries pursuant to Section 3.1(h) hereof, Purchaser shall be entitled to receive the proceeds or benefits from such insurance in effect at the time of such loss or damage. TRW and

the Subsidiaries shall pay or assign the proceeds to Purchaser at Closing or as soon thereafter as TRW and the Subsidiaries shall have received such proceeds.

ARTICLE V

Conditions

5.1 Conditions to Purchaser's Obligations: The obligation of Purchaser to consummate the transactions contemplated by this Agreement is subject to the satisfaction of the following conditions at or before the Closing:

(a) The representations and warranties of TRW contained in this Agreement shall be true, accurate, and complete in all material respects as of the date hereof and as of the Closing (as if such representations and warranties had been made anew as of the Closing, except with respect to the effect of transactions contemplated or permitted by this Agreement and with respect to the effect of the passage of time upon dated material in the Disclosure Package);

(b) TRW and the Subsidiaries shall have performed and complied with all agreements, obligations and conditions required by this Agreement to be performed or satisfied by TRW and the Subsidiaries, and TRW shall have delivered to Purchaser all documents, certificates, and instruments required to be delivered by TRW under the terms of this Agreement, including, without limitation, the documents referred to on Appendix D hereto;

(c) All corporate and other proceedings or actions to be taken by TRW and the Subsidiaries in connection with the transactions contemplated by this Agreement, and all documents incidental thereto, shall be satisfactory in form and substance to Purchaser;

(d) All requisite governmental approvals and authorizations necessary for consummation of the transactions contemplated hereby shall have been duly issued or granted and the waiting period prescribed by Title II of the Hart-Scott-Rodino Antitrust Improvements Act and the rules of the Federal Trade Commission thereunder shall have expired; and

(e) There shall not have been issued and in effect any injunction or similar legal order prohibiting or restraining consummation of any of the transactions herein contemplated and no legal action or governmental investigation which might reasonably be expected to result in any such injunction or order shall be pending.

(f) There shall have been no material adverse change in the Business or Acquired Assets; no material portion of the Acquired Assets shall have been destroyed, damaged or rendered incapable of delivery to Purchaser at and as part of the Closing; and, from the date of this Agreement through the date of the Closing, the Business shall have been conducted consistent with past practices.

(g) Purchaser shall have obtained the consent and approval of its shareholders for consummation of the transactions contemplated hereby.

(h) As of the Closing, except as disclosed in the Disclosure Package, there shall be no litigation or governmental investigations pending against or affecting the Acquired Assets or the Business which would have a material and adverse effect on the Business.

(i) To extent required by the lease to be assigned, TRW shall have obtained from the lessor consent to assign to Purchaser the lease relating to the Business' facility in Corpus Christi, Texas and the lease relating to the Business' facility in Philadelphia, Pennsylvania.

(j) The conditions to the obligations of S.G. Warburg & Co. Ltd. and Robert Fleming Limited set forth in Clause 2 of the Placing Agreement, dated as of the date hereof, a copy of which has been furnished to TRW, have been satisfied.

5.2 Conditions to TRW's Obligations: The obligation of TRW to consummate the transactions contemplated by this Agreement is subject to the satisfaction of the following conditions at or before the Closing:

(a) The representations and warranties of Purchaser contained in this Agreement shall be true, accurate, and complete in all material respects as of the date hereof and as of the Closing (as if such representations and warranties have been made anew as of the Closing, except with respect to the effect of transactions contemplated or permitted by this Agreement);

(b) Purchaser shall have performed and complied with all agreements and conditions required by this Agreement to be performed or satisfied by Purchaser, and Purchaser shall have delivered all documents, certificates, and instruments required to be delivered by Purchaser under the terms of this Agreement, including, without limitation, the documents referred to on Appendix E hereto;

(c) Purchaser shall have taken all corporate and other proceedings to be taken by it in connection with the transactions contemplated by this Agreement;

(d) All requisite governmental approvals and authorizations necessary for consummation of the transactions contemplated hereby shall have been duly issued or granted and the waiting period prescribed by Title II of the Hart-Scott-Rodino Antitrust Improvements Act and the rules of the Federal Trade Commission thereunder shall have expired; and

(e) There shall not have been issued and in effect any injunction or similar legal order prohibiting or restraining consummation of any of the transactions herein contemplated and no legal action or governmental investigation which might reasonably be expected to result in any such injunction or order shall be pending.

(f) Purchaser shall have obtained the consent and approval of its shareholders for consummation of the transactions contemplated hereby.

ARTICLE VI

Closing

6.1 The Closing: For purposes hereof, the term "Closing" means the time at which the transactions contemplated hereby will be consummated after satisfaction or waiver of the conditions set forth in Article V of this Agreement. The risk of any loss or damage, or impairment, confiscation or condemnation, of the Acquired Assets or any part thereof shall be on TRW and the Subsidiaries at all times prior to the consummation of the Closing. Upon consummation of the Closing, the purchase and sale of the Acquired Assets shall be immediately effective for all purposes as of that time and date, and the operation of the Business using the Acquired Assets shall thereafter be solely for the benefit and account of Purchaser.

6.2 Time, Date, and Place of Closing: The Closing will occur at 10:00 a.m. (Pacific Time) on November 12, 1986, at the offices of TRW at One Space Park, Redondo Beach, California, or at such other time, date, and place as the parties may agree in writing. The parties further agree that if approval of the transactions contemplated hereunder under the Hart-Scott-Rodino Antitrust Improvements Act has not been obtained by November 12, 1986, the Closing will occur as soon as practicable following such approval, but in no event later than December 12, 1986.

6.3 Purchaser's Obligations: At the Closing, Purchaser will deliver to TRW the following in a form and in substance satisfactory to TRW, exercising reasonable business judgment:

(a) the documents, certificates, and other items referred to in Section 5.2(b) hereof;

(b) the amount specified in Section 2.8(a) hereof; and

(c) an executed and notarized instrument satisfactory in form and substance to TRW pursuant to which Purchaser assumes the Assumed Liabilities as of the Closing.

6.4 TRW's Obligations: At the Closing, TRW or the appropriate Subsidiary will deliver to Purchaser the following in a form and in substance satisfactory to Purchaser, exercising reasonable business judgment:

(a) the documents, certificates, and other items referred to in Section 5.1(b) hereof;

(b) Ownership to the Acquired Assets as herein contemplated; and

(c) executed and notarized deeds, bills of sale, endorsements, assignments and such other instruments pursuant to which TRW conveys the Acquired Assets to Purchaser.

6.5 Real Estate Conveyance: TRW's conveyance of real estate included as part of the Acquired Assets will be carried out as follows:

(a) **Title Insurance Commitment:** Not later than ten (10) days after the date of this Agreement, TRW shall cause Lawyer's Title Company to prepare and deliver to Purchaser a current preliminary title for each parcel of real property listed on Annex E-1 to Part E of the Disclosure Package, together with copies of all documents of record identified as exceptions, and current surveys pertaining to each such parcel of real property which shall serve as a basis for the policies of title insurance to be issued in favor of Purchaser as of the Closing. On or before ten (10) days after receipt of each of the preliminary title reports, underlying documents and surveys in question, Purchaser shall give TRW written notice if it disapproves any of the same and if TRW does not cure all such matters disapproved by Purchaser prior to or at the Closing, Purchaser shall have the right not to consummate the Closing which shall be Purchaser's sole remedy for in breach by TRW of its obligations under this Section 6.5(a). Not later than three (3) days prior to the Closing, TRW will obtain a commitment

from Lawyer's Title Insurance Company, with a copy to Purchaser, that the Title Company will issue to Purchaser at the Closing an Owner's Policy of Title Insurance in an amount equal to or in excess of the fair market value of each property listed on Annex E-1 to Part E of the Disclosure Package and in form and substance satisfactory to Purchaser insuring fee simple title to such real estate to be in Purchaser subject only to applicable zoning and building laws and regulations, the lien of real estate taxes and assessments not yet due and payable and such other Encumbrances as are consented to by Purchaser (the "Exceptions") and the standard reservations of the Title Company.

(b) **Warranty Deeds:** No later than seven (7) days before the Closing Date, TRW will execute and deliver to the Title Company for safekeeping general or corporate warranty deeds conveying and warranting title to such real estate to Purchaser, subject only to the Exceptions, together with such affidavits, certificates, and other instruments as are ordinarily delivered to a purchaser of real estate or filed in the public records of the community where such real estate is located.

(c) **Instructions:** At the time TRW delivers such warranty deeds to the Title Company, TRW and Purchaser will deliver to Title Company a joint letter instructing Title Company to hold such warranty deeds until the Closing and, at the Closing,

(i) if Title Company is then prepared to issue to Purchaser the Title Company's Owners Policy of Title Insurance in the form set forth in the commitment described in Section 6.5(a), and upon joint telephonic instructions from TRW and Purchaser, to file the warranty deeds for record in appropriate public records, or (ii) otherwise, to return such warranty deeds to TRW.

(d) **Confirmation:** If Title Company is instructed to file the warranty deeds for record, then the Closing will be deemed to have occurred as of the close of business of the date (the "Closing Date") when such filings have been confirmed by Title Company and all deliveries made at the Closing will be deemed to have been made simultaneously therewith.

6.6 Transfer of Intellectual Property: At the time of Closing TRW will assign and transfer to Crystallate, to the extent assignable, Intellectual Property (whether an owner, inventor, employer of an inventor, licensor, licensee or otherwise), including, without limitation, (i) patents and patent

applications (including all renewals, extensions, or modifications thereof); (ii) trade secrets including, without limitation, know-how, inventions, computerized data and information, computer programs, business records, files and data, formulae, production outlines, product designs, manufacturing information, processes and techniques, testing and quality control processes and techniques, drawings and customer lists; (iii) registered and unregistered trademarks, service marks, and applications therefor and all associated goodwill; (iv) copyrights; (v) trade names and all associated goodwill; and (vi) other intellectual property. TRW's conveyance of the Intellectual Property shall be carried out by the delivery to Purchaser of (i) executed and notarized assignments (in form for recordation in the United States Patent and Trademark Office and elsewhere as appropriate) of all registered trade names and trademarks, and applications for such registrations, and of all patents and patent applications; and (ii) quit claims to Purchaser of all other trade names and trademarks.

ARTICLE VII

Actions After Closing

7.1 Further Conveyances: After the Closing, TRW and the Subsidiaries will, without further cost or expense to Purchaser, execute and deliver to Purchaser (or cause to be executed and delivered to Purchaser), such additional instruments of conveyance, and TRW and the Subsidiaries shall take such other and further actions as Purchaser may reasonably request and which are ordinarily provided by a seller, more completely to sell, transfer, and assign to Purchaser and vest in Purchaser Ownership to the Acquired Assets. Such further instruments of assignment; conveyance or transfer or other documents of further assurance covering the Acquired Assets and the Business as Purchaser may reasonably require to assure the full and effective assignment and transfer to it of the Acquired Assets and the Business and all right, title and interest of TRW and the Subsidiaries therein.

7.2 Further Consents to Assignment: As and to the extent TRW or a Subsidiary shall have failed to obtain prior to Closing the consent or approval (or an effective waiver thereof) of any person or persons in respect of any item described in Section 4.5 hereof or the parties shall have failed to obtain the novation of any government contract or subcontract as provided in Section 4.6 hereof, after the Closing--

(a) the parties will use best efforts to obtain from such person or persons the consents, approvals, or novations (or effective waivers thereof); and

(b) if the parties are unable to obtain any such consent, approval, novation, or waiver, then (1) this Agreement shall not constitute or be deemed to be a contract to assign the same if an attempted assignment without such consent, approval, novation, or waiver would constitute a breach of such item or create in the issuer or any party thereto the right or power to cancel or terminate such item and (2) TRW or a Subsidiary will cooperate with Purchaser in any reasonable arrangement, including subcontracting, designed to provide Purchaser with the benefit of TRW's rights under such item, including enforcement (at Purchaser's expense) of any and all rights of TRW against such person as Purchaser may reasonably request.

In use of all reasonable efforts under subsection (b) above, TRW will not be obligated to pay any additional consideration in order to obtain any consent, approval, novation, or waiver. TRW will cooperate with Purchaser in obtaining a reasonable and economic solution with such person provided that Purchaser pays

or reimburses TRW or a Subsidiary for all amounts necessary in order to obtain such consent, approval, novation, or waiver.

7.3 Use of TRW Trademarks The trademark or tradename "TRW" is affixed to certain of the Acquired Assets. TRW consents to the sale by Purchaser of Acquired Assets presently bearing or produced using Acquired Assets presently bearing such trademark or tradename only as a finished, or part of a finished product, and then only on the condition that Purchaser shall affix to each such finished product or shipping container or part thereof delivered to the ultimate user an appropriate tag or other reasonable means of notification indicating that such product has been sold and put into commerce by Purchaser. For a period of six (6) months after the Closing, Purchaser shall have the right to disclose in circulars to customers, advertisements and correspondence that the business sold hereunder was formerly the TRW Resistive Products Division. Except as expressly permitted by this Section 7.3, Purchaser is not authorized to use the name "TRW" in any way for advertising or promotional purposes and any such use is strictly prohibited. In addition, to the extent that the "TRW" trademark or tradename is made part of any of the Acquired Assets other than referred to above, Purchaser agrees that all such trademarks or tradenames will be completely removed or eliminated from such Acquired Assets by Purchaser, at its sole expense, before they are used by or on behalf of Purchaser. Purchaser acknowledges that it has no right, title or interest in or to the "TRW" name, mark, or any combination thereof ("TRW Trademarks") and except as provided in this Section 7.3, will have no right to use or display the TRW Trademarks. Purchaser will remove the TRW Trademarks from any and all exterior and interior signs at the operations of the Business. Purchaser will defend, indemnify, save and hold TRW harmless from and against

any and all claims, suits, proceedings and liabilities arising out of or relating to Purchaser's use of the TRW Trademarks.

7.4 Access to Former Business Records: For a period of ten (10) years following the Closing, Purchaser will retain all business records constituting part of the Acquired Assets. During such period, Purchaser will afford duly authorized representatives of TRW displaying appropriate credentials free and full access to all of such records and will permit such representatives to make abstracts from, or to take reasonable quantities of copies of any of such records, or to obtain temporary possession of any thereof as may be reasonably required by TRW.

7.5 Year-End Financial Reports: As soon as practical after the Closing, at no expense to TRW, Purchaser shall assist TRW in preparing all 1986 year-end financial reports of the Business required by TRW policy; provided, however, if Purchaser is required to provide more than two hundred (200) hours of such assistance, thereafter TRW shall reimburse Purchaser for the reasonable value of such assistance.

7.6 Removal of Excluded Assets: Except as otherwise provided by this Agreement, including, without limitation, Section 7.3, within thirty (30) days following the Closing, TRW and the Subsidiaries, through their duly authorized agents and representatives, shall remove from the premises of the Business, any and all Excluded Assets which remain on the premises of the Business following the Closing. TRW and the Subsidiaries shall effect such removal only upon reasonable advance notice to Purchaser and, unless otherwise consented to by Purchaser in writing, only during Purchaser's normal business hours.

7.7 Patent Immunity: TRW hereby grants Purchaser an immunity from suit and all other adversarial proceedings worldwide under any TRW Patent Rights which are not the subject of the Acquired Assets and which may be infringed by Purchaser using the Intellectual Property in conducting the Business. The immunity granted herein to Purchaser does not and shall not be construed to be or to create any license, express or implied, under any existing or future TRW-owned patents, patent applications, trade secrets, know-how and/or proprietary information, or options therein.

7.8 Covenant Not to Compete: TRW and the Subsidiaries acknowledge and agree that the value to Purchaser of the transactions provided for herein would be substantially diminished if TRW and the Subsidiaries (or their successors or assigns) were to enter into business activities competitive with those sold to Purchaser hereunder for a reasonable period following the date of the Closing. Consequently, as an inducement to Purchaser to enter into this Agreement, and in

consideration of the promises and representations of Purchaser under this Agreement, TRW covenants and agrees that for a period of three (3) years following the date of the Closing it will not directly or indirectly own, manage, operate or control any business which manufactures or sells products which are directly competitive with the Business as such business exists as of the Closing; provided, however, the foregoing shall not be interpreted as precluding TRW from (1) continuing in any line of business currently conducted by divisions (other than the Resistive Products Divisions) or subsidiaries of TRW, (2) manufacturing products for purposes of incorporating them into other products manufactured or assembled by TRW, and continuing the design, manufacture, distribution and sale of hybrid devices, and subassemblies such as, but not limited to, power supply systems and local area networks that incorporate resistive elements in the circuits produced provided all products involve solid state technology but TRW shall not manufacture, assemble or sell thick film and thin film hybrid circuits which do not include solid state technology, (3) making a passive, non-managerial equity investment in any publicly owned corporation (i.e., less than ten percent (10%) of such corporation's outstanding shares) which has activities competitive with the Business; provided, however, there shall be no limitation on TRW's right to make any passive, non-managerial investment in a publicly owned corporation if in the calendar year prior to such investment the revenue from those activities which are competitive with the Business constitute not more than fifteen percent (15%) of the total revenues of such corporation, (4) acquiring any corporation or business having activities competitive with the Business if in the calendar year prior to such acquisition the revenues from those activities competitive with the Business constitute not more than fifteen percent (15%) of the total revenues of such corporation or business, (5) permitting any distributor of Products to sell its inventory existing as of the Closing or (6) continuing to retain its equity interest in KTI together with the exercise of all rights and meeting all obligations associated therewith as the same exists as of the date of this Agreement. The restrictions contained herein of TRW's rights shall be applicable only with respect to the geographic areas (United States, Europe and Canada) in which TRW and the Subsidiaries have heretofore or are now conducting business operations relating to the Acquired Assets. If any court or tribunal of competent jurisdiction shall refuse to enforce the foregoing covenant because the time limit applicable thereto is deemed unreasonable, it is expressly understood and agreed that such covenant shall not be void but that for the purpose of such proceedings such time limitation shall be deemed to be reduced to the extent necessary to permit the enforcement of such covenant. If any court or tribunal of competent jurisdiction shall refuse to enforce the foregoing covenant because it is more extensive (whether as to geographic area, scope of business or otherwise) than is deemed to be reasonable,

it is expressly understood and agreed between the parties hereto that such covenant shall not be void but that for the purpose of such proceedings the restrictions contained therein (whether as to geographic area, scope of business or otherwise) shall be deemed to be reduced to the extent necessary to permit the enforcement of such covenant. As used in this Section 7.8, "TRW and the Subsidiaries" includes any corporation or entity controlled by TRW and the Subsidiaries, and all successors or assigns thereof.

7.9 Payment of Excluded Liabilities: TRW and the Subsidiaries alone shall continue to remain and be responsible for and satisfy when due all Excluded Liabilities and, without limitation, all of TRW's and the Subsidiaries' past, current and future tax and other obligations of every kind whatsoever, whether accrued, contingent or otherwise, and whether for past, current or future taxes imposed or levied on TRW and the Subsidiaries, or any deficiency, interest or penalties for which TRW and the Subsidiaries may be responsible in connection therewith, and all such liabilities shall constitute Excluded Liabilities under this Agreement.

7.10 ATT Royalties: TRW shall pay all royalties due and payable to ATT prior to the Closing which relate to the licenses listed on Annex E-5 to Part E of the Disclosure Package.

ARTICLE VIII

Employees and Employee Benefits

8.1 Employment: Effective as of the Closing, each employee of the Business (except employees listed on Annex K-7 to Part K of the Disclosure Package) will cease to be an employee of TRW and will become an employee of Purchaser as of the Closing with full credit for prior years of service with TRW for purposes of vacation benefits. No employee of the Business will be a party to an employment agreement with TRW or either Subsidiary. TRW will neither employ nor offer employment to any such employee during the twelve (12) month period following the Closing without the prior written consent of Purchaser. For a period of twelve (12) months after the Closing, Purchaser will not, without the written consent of TRW (which consent shall not be unreasonably withheld) employ or offer employment to any former employee of the Business who retired from or voluntarily terminated employment with TRW during the six (6) month period preceding the Closing and received a distribution from the Salaried Plan, the Philadelphia Plan, the Complemental Plan or the 401(k) Plan.

8.2 Pension Plans: It is the express intent of TRW and Purchaser that in no event shall either party or its retirement, pension or other deferred benefit plans be liable or responsible

for the obligations of the other party or its such plans. This Agreement does not impose, nor shall it be interpreted to provide, any obligation on Purchaser to adopt any retirement or pension plans whatever. TRW currently maintains the following pension plans covering certain employees of the Business: the TRW Salaried Pension Plan (the "Salaried Plan") covering certain salaried employees of TRW, including certain salaried employees of the Business, and the TRW Complemental Retirement Income Plan (the "Complemental Plan") covering certain hourly employees of the Business, and the TRW Resistive Products/I.U.E. Retirement Plan ("Philadelphia Pension Plan") covering certain other hourly employees of the Business. (For purposes hereof, the Salaried Plan, the Complemental Plan and the Philadelphia Pension Plan are referred to collectively as the "Pension Plans.") With respect to the Pension Plans, the following shall apply:

(a) Purchaser will not become a sponsor of any of the Salaried Plan and no assets or liabilities of any such plan will be transferred to or assumed by Purchaser or any plan or trust maintained by Purchaser.

(b) Purchaser will not become a sponsor of the Complemental Plan with respect to any hourly employees of the Business covered under the Complemental Plan, and no assets or liabilities will be transferred to or assumed by the Purchaser with respect to said plan.

(c) Purchaser will not become a sponsor of the Philadelphia Pension Plan, and no assets or liabilities will be transferred to or assumed by Purchaser with respect to such plan. TRW will credit employment with Purchaser as service under the Philadelphia Pension Plan, for both vesting and benefit accrual purposes, until the expiration of the current Philadelphia Union Contract. Purchaser will reimburse TRW for the amount of the pension expense determined to be attributable to the coverage of those employees under the Philadelphia Pension Plan after the Closing, based upon the actuarial assumptions currently in effect as of the Closing under the Philadelphia Pension Plan without regard to whether such plan as of the Closing is in an over-funded or under-funded condition, and Purchaser shall have no other obligation or liability in respect of the Philadelphia Pension Plan, including any liability which results from the termination of such plan.

(d) Purchaser will not become a sponsor of the TRW Complemental Plan with respect to the hourly employees in Corpus Christi, Texas (IUE Local 1029) and no assets or liabilities will be transferred to or assumed by Purchaser for such plan. TRW will credit employment with Purchaser as service under the TRW Complemental Plan for both vesting and benefit accrual purposes until expiration of the 1986 Union

Contract or for six (6) months after the Closing, whichever occurs first. Purchaser will reimburse TRW for the amount of the pension expense determined to be attributable to the coverage of those employees under the TRW Complemental Plan after the Closing based upon actuarial assumptions currently in use as of the Closing under the Complemental Plan without regard to whether such fund as of the Closing is in an over-funded or under-funded condition, and Purchaser shall have no other obligation or liability in respect of the Complemental Plan.

(e) Each employee of the Business who is a participant in any of the three Pension Plans mentioned above and who becomes an employee of Purchaser at the Closing will be entitled to payment of any and all vested benefits when such employee has (i) terminated employment with the Purchaser and (ii) satisfied any age and service requirements for receipt of a pension benefit.

8.3 401(k) Plan: TRW currently maintains The TRW Stock Savings Plan (the "401(k) Plan") for its eligible employees, including eligible employees of the Business. Purchaser will not become a sponsor of the 401(k) Plan and no assets or liabilities of the 401(k) Plan will be transferred to or assumed by Purchaser or any plan or trust maintained by Purchaser. Within sixty (60) days after the Closing, TRW will cause the 401(k) Plan to be amended (as and to the extent necessary) effective as of the Closing to provide that each employee of the Business who becomes an employee of Purchaser at the Closing will be entitled to receive amounts held in such employee's "pre-tax" accounts only when such employee's employment with Purchaser is terminated, subject only to existing generally applicable provisions of the 401(k) Plan as to withdrawal of "pre-tax" accounts.

8.4 Medical Benefits: TRW will provide former employees of the Business who have retired prior to the Closing with medical benefit coverage as provided under existing TRW retiree medical benefit plans. Purchaser will provide employees of the Business who become employees of Purchaser at the Closing with medical benefit coverage under medical benefit plans to be established and maintained by Purchaser.

8.5 Life Insurance: TRW will provide former employees of the Business who have retired prior to the Closing with life insurance coverage under existing TRW retiree life insurance benefit plans. Purchaser will provide employees of the Business who become employees of Purchaser at the Closing with comparable coverage under life insurance benefit programs maintained by Purchaser.

8.6 Accrued Vacation: As of the Closing, Purchaser will assume all obligations of TRW to employees of the Business who

become employees of Purchaser at the Closing for vested vacation as accrued on the books of the Business. All legally required vacation shall have been accrued on the books of the Business as of the Closing. TRW will have no obligation to make any payment to employees after the date of the Closing with respect to any vacation pay entitlement.

8.7 Workers' Compensation: TRW will bear the entire cost and expense of all workers' compensation claims arising out of injuries identifiably sustained by employees of the Business on or before the Closing Date. Purchaser will bear the entire cost and expense of all workers' compensation claims arising out of injuries identifiably sustained by employees of the Business after the Closing Date. TRW will bear the entire cost and expense of all workers' compensation claims arising out of injuries without an identifiable date of occurrence alleged to have arisen either before or before and after the Closing which are filed within thirty (30) days after the Closing Date. With respect to claims without an identifiable date of occurrence filed more than thirty (30) days after the Closing, TRW shall be responsible for fifty percent (50%) of the liability arising as a result of each such claim; provided, however, TRW's liability shall be limited to Four Hundred Fifty Thousand Dollars (\$450,000.00) and Purchaser will bear all other costs, expenses and liability arising out of or relating to such workers' compensation claims of employees of the Business.

ARTICLE IX

Indemnification

9.1 Indemnification of TRW and the Subsidiaries: Purchaser will indemnify, defend, and hold TRW and the Subsidiaries harmless from and against any and all liabilities, damages, losses, claims, costs, and expenses (including attorneys' fees) arising out of or resulting from any misrepresentation or breach of warranty by Purchaser for which notice is given by TRW within the period specified in Section 3.5 hereof, Purchaser's failure to pay or satisfy or cause to be paid or satisfied any of the Assumed Liabilities when due and payable, or nonperformance of any obligations or covenants to be performed on the part of Purchaser under this Agreement.

9.2 Indemnification of Purchaser: Subject to Section 9.4 hereof, TRW will indemnify, defend, and hold Purchaser harmless from and against any and all liabilities, damages, losses, claims, costs, and expenses (including attorneys' fees) arising out of or resulting from any misrepresentation or breach of warranty or covenant by TRW or a Subsidiary for which notice is given by Purchaser within the period specified in Section 3.5 hereof, TRW's or a Subsidiary's failure fully to pay or satisfy

or cause to be paid or satisfied any of the Excluded Liabilities when due and payable, nonperformance of any obligation to be performed on the part of TRW or a Subsidiary under this Agreement, or any liabilities of Purchaser, other than the Assumed Liabilities which are asserted by third parties, whether pursuant to bulk sales laws or otherwise, arising from or incurred in connection with the Business or the Acquired Assets prior to the Closing or arising out of act or omission by TRW prior to the Closing.

9.3 Claims: In the event that either Purchaser, TRW or a Subsidiary (the "claimant") desires to make a claim against the other (the "indemnitor") under Section 9.1 or 9.2, the claimant will give prompt notice to the indemnitor of the institution of any actions, suits, or proceedings and demands at any time instituted against or made upon claimant in connection with which the claimant would claim indemnification under Section 9.1 or 9.2 and claimant will, at the time of giving such notice, if the indemnitor agrees that it would have responsibility to indemnify, give the indemnitor full authority to cure, defend, adjust, compromise, or settle the action, suit, proceeding, or demand concerning which such notice shall have been given, in the name of the claimant or otherwise as the indemnitor shall elect.

9.4 Limitation on Indemnification: Notwithstanding the provisions of Section 9.2, TRW will not be obligated to indemnify, defend, or hold Purchaser harmless from or against any liability, damage, loss, claim, cost, or expense (including attorneys' fees) unless and to the extent (a) a given claim exceeds one tenth of one percent (0.1%) of the amount stated in Section 2.6 or (b) the aggregate of all such liabilities, damages, losses, claims, costs or expenses exceeds one percent (1.0%) of the amount stated in Section 2.6 in which case TRW will be liable for all such amounts. In no event will TRW's total obligation to Purchaser under Section 9.2 hereof exceed, in the aggregate, twenty percent (20%) of the amount stated in Section 2.6, provided, however, that such limitation shall not apply to Excluded Liabilities, as to which there shall be no limitation.

ARTICLE X

Amendment, Waiver, and Termination

10.1 Amendment: This Agreement may be amended at any time prior to the Closing but only by written instrument executed by the parties hereto.

10.2 Waiver: Any party may at any time waive compliance by the other with any covenants or conditions contained in this Agreement but only by written instrument executed by the party waiving such compliance. No such waiver, however, shall be

deemed to constitute the waiver of any such covenant or condition in any other circumstance or the waiver of any other covenant or condition.

10.3 Termination: This Agreement may be terminated at any time prior to the Closing, but only by written instrument signed by the parties. This Agreement shall terminate automatically, and without further action by the parties hereto, in the event the Closing shall not have occurred by December 12, 1986, unless otherwise extended by the parties in writing.

ARTICLE XI

Miscellaneous

11.1 Cooperation: Purchaser and TRW will cooperate with the other party, at the other party's request and expense, in furnishing information, testimony, and other assistance in connection with any actions, proceedings, arrangements, and disputes with other persons or governmental inquiries or investigations involving TRW's conduct of the Business or the transactions contemplated hereby.

11.2 Confidentiality: Reference is made to the Confidentiality Agreement (the "Confidentiality Agreement") dated April 14, 1986 between Purchaser and TRW. Both parties will continue to abide by the terms and conditions of the Confidentiality Agreement through the Closing. After the Closing, TRW and the Subsidiaries will hold the Proprietary Information (as defined in the Confidentiality Agreement) in strictest confidence and will use neither the Proprietary Information nor other information concerning the Business TRW and the Subsidiaries may retain after the Closing for any purpose which might be competitively disadvantageous to Purchaser or the Business. After the Closing, both TRW and Purchaser will have the right jointly or severally to enforce any other confidentiality agreements into which TRW may have entered with other prospective purchasers of the Business.

11.3 Severability: In the event any provision of this Agreement shall finally be determined to be unlawful, such provision shall be deemed to be severed from this Agreement and every other provision of this Agreement shall remain in full force and effect.

11.4 Expenses: Except as otherwise provided in this Section 11.4 and Section 11.5, each party will bear its own expenses incurred in connection with this Agreement and the transactions contemplated hereby, whether or not such transactions shall be consummated. Purchaser and TRW shall share equally the payment of the Title Company's fee or premium in respect of the Owner's

Policy of Title Insurance described in Section 6.5. Purchaser shall be solely responsible for payment of any fees of S.G. Warburg & Co. Ltd., S.G. Warburg & Co. Inc. or Robert Fleming Limited resulting from or arising out of the transactions contemplated hereby. TRW will be solely responsible for the payment of any fees of Salomon Brothers Inc. resulting from or arising out of the transactions contemplated hereby. If Purchaser fails to prevail in regard to at least twenty-five percent (25%) of the amount it claims as a decrease in the Closing Net Book Value pursuant to Section 2.7(c) due to items it disputes on the Report, Purchaser shall pay all of the fees charged by the firm of certified public accountants referred to in Section 2.7(b) hereof; if Purchaser prevails in regard to more than twenty-five percent (25%), but less than seventy-five percent (75%), of such items, TRW and Purchaser shall each pay one-half (50%) of such fees; if Purchaser prevails in regard to seventy-five percent (75%) or more of such items, TRW shall pay all of such fees.

11.5 Transfer Taxes: Purchaser will bear any transfer or use taxes, if any, which may result from the transfer of the Acquired Assets from TRW and the Subsidiaries to Purchaser; provided, however, TRW and Purchaser shall equally share the costs of any revenue stamps required by law to transfer any real property which is part of the Acquired Assets.

11.6 Bulk Sales: Purchaser waives compliance by TRW and the Subsidiaries with the provisions of any so-called bulk sales law of any state.

11.7 Notices: All notices, requests and other communications hereunder shall be in writing and shall be deemed to have been duly given at the time of receipt if delivered by hand or communicated by electronic transmission, or, if mailed, three (3) days after mailing registered or certified mail, return receipt requested, with postage prepaid:

If to Purchaser, to: Crystalate Holdings plc
Wharf House
Medway Wharf Road
Tonbridge, Kent, England TN9 1RE
Telex: 957294 CRYSTA G

Attention: Company Secretary

With a copy to: Lawler, Felix & Hall
700 South Flower Street
Suite 3000
Los Angeles, California 90017

Attention: John St. Clair

If to TRW or a
Subsidiary, to:

TRW Electronics & Defense Sector
One Space Park, E2/6000
Redondo Beach, California 90278
Telex: 674476
Attention: Vice President, Law

With a copy to:

TRW Electronic Components Group
2525 East El Segundo Boulevard
El Segundo, California 90245
Telex: 182547

Attention: Vice President and
General Manager

provided, however, that if either party shall have designated a different address by notice to the other given as provided above, then to the last address so designated.

11.8 Assignment: This Agreement shall be binding upon and inure to the benefit of the successors of each of the parties hereto, but shall not be assignable by either party without the prior written consent of the other; provided, however, without the prior written consent of TRW, Purchaser shall have the right to assign its rights under this Agreement to any wholly owned direct or indirect subsidiary so long as Purchaser agrees in writing to guarantee the assignee's performance of its obligations under this Agreement.

11.9 No Third Parties: This Agreement is not intended to, and shall not, create any rights in or confer any benefits upon any person other than the parties hereto.

11.10 Incorporation by Reference: The Appendices to this Agreement and the Disclosure Package constitute integral parts of this Agreement and are hereby incorporated into this Agreement by this reference.

11.11 Governing Law and Venue: This Agreement will be governed by and construed in accordance with the internal substantive laws of the State of California, except where the substantive laws of another jurisdiction mandatorily apply. Venue shall be limited to state and federal courts located in California and the parties irrevocably submit to the jurisdiction of said courts.

11.12 Counterparts: More than one counterpart of this Agreement may be executed by the parties hereto, and each fully executed counterpart shall be deemed an original without production of the others.

11.13 Complete Agreement: This Agreement sets forth the entire understanding of the parties hereto with respect to the subject matter hereof and supersedes all prior letters of intent, agreements, covenants, arrangements, communications, representations, or warranties, whether oral or written, by any officer, employee, or representative of any party relating thereto.

IN WITNESS WHEREOF, Crystalate Holding plc, TRW Inc., TRW Electronics Supply Company and TRW Resistive Products, Inc. have each caused this Agreement to be executed by their respective duly authorized officers and have caused their respective corporate seals to be hereunto affixed and attested, all as of the date first above written.

CRYSTALATE HOLDINGS plc

By [Signature]

By [Signature: Kiat Blom]

TRW INC.

By [Signature: Lester Hill]
Lester Hill, Vice President

By [Signature: William E. Gallas]
William E. Gallas
Assistant Secretary

TRW ELECTRONICS SUPPLY COMPANY

By [Signature: Thomas S. Sayles]
Thomas S. Sayles, Secretary

By [Signature: William E. Gallas]
William E. Gallas
Assistant Secretary

TRW RESISTIVE PRODUCTS, INC.

By [Signature: Harry I. Jacobs]
Harry I. Jacobs
Assistant Secretary

By [Signature: William E. Gallas]
William E. Gallas
Assistant Secretary

11.13 Complete Agreement: This Agreement sets forth the entire understanding of the parties hereto with respect to the subject matter hereof and supersedes all prior letters of intent, agreements, covenants, arrangements, communications, representations, or warranties, whether oral or written, by any officer, employee, or representative of any party relating thereto.

IN WITNESS WHEREOF, Crystalate Holding plc, TRW Inc., TRW Electronics Supply Company and TRW Resistive Products, Inc. have each caused this Agreement to be executed by their respective duly authorized officers and have caused their respective corporate seals to be hereunto affixed and attested, all as of the date first above written.

CRYSTALATE HOLDINGS plc

TRW INC.

By [Signature]
JOHN E. HERRIN, CHIEF EXECUTIVE
By [Signature]
G. STUART G. BROWN, DIRECTOR

By [Signature]
Lester Hill, Vice President
By [Signature]
William E. Gallas
Assistant Secretary

TRW ELECTRONICS SUPPLY COMPANY

By [Signature]
Thomas S. Sayles, Secretary

By [Signature]
William E. Gallas
Assistant Secretary

TRW RESISTIVE PRODUCTS, INC.

By [Signature]
Harry I. Jacobs
Assistant Secretary

By [Signature]
William E. Gallas
Assistant Secretary

TRW-MGR-0781

CERTAIN DEFINITIONS

The following terms have the meanings set forth below Agreement where used in the Agreement and identified with initial capital letters:

Acquired Assets	As defined in Section 2.2 of the Agreement.
Adjustment	As determined under Section 2.7 of the Agreement.
Agreement	As defined in the Preamble to the Agreement.
Assumed Liabilities	As defined in Section 2.4 of the Agreement.
Base-Line Balance Sheet	TRW's unaudited pro forma restated for the Business at June 27, 1986, included in Annex A-1 to Part A of the Disclosure Package.
Base-Line Net Book Value	As defined in Section 2.7(d) of the Agreement.
Business	As defined in Recital A to the Agreement.
Closing	As defined in Section 6.1 of the Agreement.
Closing Date	As defined in Section 6.5(d) of the Agreement.
Closing Net Book Value	As defined in Section 2.7(e) of the Agreement.
Corpus Union Contract	TRW Inc. and International Union of Electronic, Electrical, Technical, Salaried and Machine Workers, Local #1029.
Default	An occurrence which constitutes a breach or default under a contract, order, or other commitment, after the expiration of any grace period provided without cure.
Disclosure Package	As defined in Section 3.2 of the Agreement.

Encumbrance	Any encumbrance or lien, including, without limitation, any mortgage, judgment lien, materialman's lien, mechanic's lien, security interest, encroachment, easement, or other restriction, in each case having a material adverse effect on the thing or right so encumbered.
Exceptions	As defined in Section 6.5(a) of the Agreement.
Excluded Assets	As defined in Section 2.3 of the Agreement.
Excluded Liabilities	As defined in Section 2.5 of the Agreement.
401(k) Plan	As defined in Section 8.3 of the Agreement.
Intellectual Property	Rights consisting of, conferred by, or otherwise relating to (i) patents and patent applications (including all renewals, extensions, or modifications thereof); (ii) trade secrets, including without limitation, know-how, inventions, computerized data and information, computer programs, business records, files and data, discoveries, formulae, production outlines, product designs, manufacturing information, processes and techniques, testing and quality control processes and techniques, drawings and customer lists; (iii) trademarks, service marks, and applications therefor; (iv) copyrights; (v) trade names; and (vi) other intellectual property.
KTI	Koa TRW, Inc.
Material Event	Any event, condition, circumstance, or occurrence which has had a material and adverse effect on the Business or the properties, assets, liabilities (fixed or otherwise) or condition (financial or otherwise) of the Business, including, without limitation, any of the same resulting from any --

- (1) act of God, flood, windstorm, earthquake, accident, fire, explosion, casualty, riot, labor strike, requisition or taking of property by governmental authority, war, embargo, or other event outside TRW's control;
- (2) termination, cancellation, or substantial modification of any contract, commitment, obligation, or business relationship; or
- (3) Default by TRW under any contract, commitment, or other obligation.

October 1986 PBT	As defined in Section 2.7(a) of the Agreement.
October 1986 P&L	As defined in Section 2.7(a) of the Agreement.
Ownership	Such ownership as confers upon the person having it good and marketable title to and control over the thing or right owned, free and clear of any and all Encumbrances except Permitted Encumbrances.
Pension Plans	As defined in Section 8.2 of the Agreement.
Permitted Encumbrances	Encumbrances disclosed on Part E of the Disclosure Package and the Exceptions.
Philadelphia Plan	As defined in Section 8.2 of the Agreement.
Philadelphia Union Contract	IRC Philadelphia Operations of TRW Inc. and the International Union of Electronic, Electrical, Technical, Salaried and Machine Workers, AFL-CIO, Local 105.
Products	As defined in Recital A to the Agreement.
Purchaser	As defined in the Preamble to the Agreement.
Purchase Price	As defined in Section 2.6 of the Agreement.

Report	As defined in Section 2.7(a) of the Agreement.
Salaried Plan	As defined in Section 8.2 of the Agreement.
Shared Liabilities Agreement	An agreement to be dated the Closing Date between Purchaser and TRW relating to the sharing of certain liabilities, such agreement to be in the form of Appendix G to the Agreement.
Subsidiaries	TRWESCO <u>and</u> TRWRPI.
Subsidiary	TRWESCO <u>or</u> TRWRPI.
Title Company	Any company set forth in Section 6.5(a) of the Agreement.
TRW	As defined in the Preamble to the Agreement.
TRWESCO	As defined in Section 2.2(a) of the Agreement.
TRWRPI	As defined in Section 2.2(a) of the Agreement.

**DUE DILIGENCE REVIEW
AND CERTIFICATIONS**

Set forth below is a description of the due diligence review conducted by TRW in connection with the transactions contemplated by the Agreement:

1. The information contained in the Disclosure Package was collected and assembled by employees of the Business and other TRW employees whom TRW believed would most likely have custody of the Business records most pertinent to the respective Parts of the Disclosure Package.
2. After collection and assembly of such information, separate due diligence meetings were held with the following individuals present: The Vice President & General Manager of the appropriate Division and his functional staff heads (e.g., finance, sales and human relations, etc.).
3. At each such due diligence meeting, the entire contents of the Disclosure Package within the responsibility of the participants was reviewed and each of TRW's representations and warranties under Section 3.2 were read and discussed, all under the direction and guidance of an attorney representing TRW.
4. At the conclusion of such due diligence meeting, each participant was requested to sign a certificate in the form set forth on the following page.

Certificate

I, [Name of Individual], am the [Title of Individual] of [Name of Unit] (the "Unit") of TRW Inc. ("TRW").

On the date below, I participated in a due diligence review meeting conducted under the direction and guidance of [Name of Attorney], an attorney representing TRW. At that meeting, those portions of the Disclosure Package which relate to the Unit were reviewed and representations and warranties contained in Section 3.2 of the proposed Agreement of Purchase and Sale (the "Agreement") between TRW and [Name of Purchaser] (the "Purchaser") were read and discussed.

As a consequence of such due diligence meeting, I HEREBY CERTIFY that:

1. In my capacity described above, insofar as the Unit is concerned, I am familiar in detail with the contents of the following Parts of the Disclosure Package: [To be completed]
2. In my capacity described above, insofar as the Unit is concerned, I am also familiar generally with contents of all other Parts of the Disclosure Package.
3. I believe those portions of the Disclosure Package which relate to the Unit and those representations and warranties of TRW contained in Section 3.2 of the Agreement which relate to the Unit are true, accurate, and complete in all material respects.

I understand that TRW intends to rely on this Certificate in connection with TRW's delivery of the Disclosure Package and execution and delivery of the Agreement.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 1986.

[Name of Individual]

**CONTENTS OF
THE DISCLOSURE PACKAGE**

Part A - Financial Statements

1. The unaudited pro forma restated balance sheet (the "Base-Line Balance Sheet") of the Business at June 27, 1986.
2. The unaudited pro forma restated statement of income of the Business at June 27, 1986.
3. The unaudited pro forma balance sheets of the Business at December 31, 1981, 1982, 1983, 1984 and 1985.
4. The unaudited pro forma statement of income of the Business for TRW's fiscal year ended December 31, 1981, 1982, 1983, 1984 and 1985.
5. A description of supplemental accounting principles to be used in the determination of the Closing Net Book Value and the October 1986 PBT.
6. A list of assets, whether or not used by TRW primarily in its conduct of the Business, which will be Excluded Assets.*
7. The exceptions to TRW's representations and warranties contained in Section 3.2(a).

Part B - Investments

1. Copies of the constitutive documents of TRWESCO and TRWRPI.
2. The exceptions to TRW's representations and warranties contained in Section 3.2(b).

Part C - Receivables and Other Current Assets

1. A list as of June 27, 1986, of all notes receivable in excess of \$10,000 and, to TRW's knowledge, of those equal to or less than \$10,000 which have arisen out of TRW's conduct of the Business, including an aging schedule for such items.

* For purposes of the Disclosure Package, "TRW" used as a part of the phrase "TRW primarily in the conduct of the Business" or words of similar import shall include TRW Inc. and the Subsidiaries.

2. A list as of June 27, 1986, of all accounts receivable in excess of \$10,000 and, to TRW's knowledge, of those equal to or less than \$10,000 which have arisen out of TRW's conduct of the Business, including an aging schedule for such items.
3. The exceptions to TRW's representations and warranties contained in Section 3.2(c).

Part D - Inventories

1. A list or description as of June 27, 1986, of all categories of inventory, wherever located, used by TRW in its conduct of the Business.
2. The exceptions to TRW's representations and warranties contained in Section 3.2(d).

Part E - Real Estate

1. A list of all real properties (including, without limitation, all significant buildings and improvements thereto or thereon, and all of such items under construction) and interests therein owned by TRW and used by TRW primarily in its conduct of the Business.
2. With respect to each parcel of real property listed in Part E-1, an accurate standard survey and legal description thereof as certified by a registered surveyor.
3. A list of all real properties (including, without limitation, all significant buildings and improvements thereto or thereon, and all of such items under construction) and interests therein leased by TRW and used by TRW primarily in its conduct of the Business in the community where such parcel is located.
4. A list of all real properties of the Business (including, without limitation, all significant buildings and improvements thereto or thereon, and all of such items under construction) and interests therein leased by TRW to a person other than TRW.
5. The exceptions to TRW's representations and warranties contained in Section 3.2(e).

Part F - Personal Property

1. A list or description as of June 27, 1986, by location of all machinery and equipment (including such items under

- construction) used by TRW primarily in its conduct of the Business having a book value in excess of \$50,000 and, to TRW's knowledge, having a book value equal to or less than \$50,000 as to items for which TRW normally maintains records in the ordinary course of business, indicating TRW's interest in each such item, and copies of any depreciation schedules relating to such items; a list or description as of June 27, 1986, location of all furniture, office equipment, and similar items used by TRW primarily in its conduct of the Business having a book value in excess of \$10,000 and, to TRW's knowledge, having a book value equal to or less than \$10,000 as to items for which TRW normally maintains records in the ordinary course of business, indicating TRW's interest in each such item, and copies of any depreciation schedules relating to such items; a list as of June 27, 1986, by location of all cars, trucks, and other vehicles used by TRW primarily in its conduct of the Business having a book value in excess of \$10,000 and, to TRW's knowledge, having a book value equal to or less than \$10,000 as to items for which TRW normally maintains records in the ordinary course of business, indicating TRW's interest in each such item, and copies of any depreciation schedules relating to such items.
2. Except as otherwise indicated on Annexes F-1 through F-3, a list, to TRW's knowledge, as of June 27, 1986, of all items of personal property used by TRW primarily in its conduct of the Business as to items for which TRW normally maintains records in the ordinary course of business, which are owned by a person other than TRW and copies of all contracts or commitments to which TRW is a party relating to such personal property.
 3. The exceptions to TRW's representations and warranties contained in Section 3.2(f).

Part G - Liabilities

1. A list, to TRW's knowledge, of all liabilities and other obligations for payment of money which would have constituted Assumed Liabilities if the Closing Date had been June 27, 1986, having, as of June 27, 1986, a balance on such date of more than \$100,000 and, to TRW's knowledge, having a balance equal to or less than \$100,000.
2. Except the last in-first out, a list of all reserves on the books of the Business which have arisen out of TRW's conduct of the Business, each of which has a balance as of June 27, 1986, of more than \$100,000 and, to TRW's knowledge, having a balance equal to or less than \$100,000, and a description of the facts or circumstances out of which each such reserve was established.

3. The exceptions to TRW's representations and warranties contained in Section 3.2(g).

Part H - Litigation

1. A list as of June 27, 1986, and brief description of all litigation, proceedings, claims, or investigations at law or in equity pending or threatened against or affecting the Business having, to TRW's knowledge, a contingent liability of \$100,000 or more.
2. A list as of June 27, 1986, and brief description, to TRW's knowledge, of all notices, writs, injunctions, orders, and decrees of courts, agencies, and other governmental authorities to which TRW is subject which relate to the Business.
3. To TRW's knowledge, a narrative description of all field or recall campaigns made within the past five (5) years which relate to the Business and/or the Products.
4. The exceptions to TRW's representations and warranties contained in Section 3.2(h).

Part I - Contracts

1. A list as of June 27, 1986, of each outstanding order, contract, or commitment for the purchase by TRW of capital and tooling to be used by TRW primarily in its conduct of the Business in an amount in excess of \$250,000 and, to TRW's knowledge, in an amount equal to or less than \$250,000 but more than \$25,000.
2. A list as of June 27, 1986, of each outstanding order, contract, or commitment for the purchase by TRW of products, supplies, and services to be used by TRW primarily in its conduct of the Business in an amount in excess of \$250,000 and, to TRW's knowledge, in an amount equal to or less than \$250,000 but more than \$50,000.
3. A list as of June 27, 1986, of each outstanding order, contract or commitment for the sale by TRW of Products or of other products or services in its conduct of the Business in an amount in excess of \$250,000 and, to TRW's knowledge, in an amount equal to or less than \$250,000 but more than \$25,000.
4. A copy of a current published pricing list.

5. Copies of the form of all distributorship, dealership, and other similar arrangements or agreements which relate to TRW's conduct of the Business and to which TRW is a party and the names of the parties to each category of such arrangements or agreements.
6. A list of the ten (10) largest suppliers to the Business during the calendar year ended December 31, 1985, together with the dollar amount of sales to such customers during such period.
7. A list of the ten (10) largest customers of the Business during the calendar year ended December 31, 1985, together with the dollar amount of sales to such customers during such period.
8. To TRW's knowledge, a copy of each power of attorney, proxy, or similar authorization (except for routine delegations to TRW employees of day-to-day operating authority) granted by TRW which relates to the Business and which is currently in effect.
9. A list, to TRW's knowledge, of all written agreements, constituting part of the Acquired Assets and having an estimated value or obligation in excess of \$100,000 which would require the consent or approval of any person for the assignment or transfer of TRW's rights thereunder to Purchaser as contemplated in the Agreement.
10. A list of assets used in the Business and with another TRW division which assets cannot be particularly and economically separated and assets used in the Business which are owned by another person and cannot be assigned.
11. A list and brief description of all retroactive price increases pending with TRW's customers for Products sold by TRW prior to the Closing.
12. A list and brief description of all joint venture, joint marketing, joint development, memorandum of understanding or similar agreements relating to the Business to which TRW is a party. A copy of each such agreement.
13. Copies of the Business' standard purchase order sales order, request for quotation, sales quotation, sales order acknowledgment and similar forms, including all fine print.
14. A list and brief description of all assembly services agreements relating to the Business to which TRW is a party. A copy of each such agreement.

15. A list of all consulting and employment agreements relating to the Business to which TRW is a party.
16. A list of all consignment agreements or similar agreements or similar agreements relating to the Business to which TRW is a party.
17. The exceptions to TRW's representations and warranties contained in Section 3.2(i).

Part J - Intellectual Property

1. A list of all patents (domestic and foreign) owned by TRW (specifying for each the country of issuance, date of expiry, patent number, inventor, and title of patent) which are used by TRW primarily in its conduct of the Business.
2. A list of all pending patent applications (domestic and foreign) owned by TRW (specifying for each the country of application, date of filing, application number, inventor, and title of invention) which are used by TRW primarily in its conduct of the Business.
3. A list of all trademarks (domestic and foreign) owned by TRW (specifying for each the country of registration, renewal date, registration number, mark registered, and goods covered) which are used by TRW primarily in its conduct of the Business.
4. A list of all trademark applications (domestic and foreign) owned by TRW (specifying for each the country of application, date of application, application number, mark to which registration relates, and goods covered) which are used by TRW primarily in its conduct of the Business.
5. A list of all Intellectual Property owned by other persons which TRW uses primarily in its conduct of the Business under license, technology, or other similar agreements.
6. A list of all licenses from TRW to other persons of Intellectual Property used by TRW primarily in its conduct of the Business.
7. The exceptions to TRW's representations and warranties contained in Section 3.2(j).

Part K - Employees and Employee Benefits

1. A list of the ten (10) highest paid employees of the Business during the calendar years ended December 31, 1984 and 1985, together with the dollar amount paid each such employee during such year.
2. A list of the ten (10) highest paid employees of the Business as of January 1, 1986, together with the base salary rate of each such employee as of that date.
3. Copies of the summary plan descriptions or other descriptions of all pension, retirement, profit-sharing, deferred compensation, employee stock option or stock purchase, bonus, incentive compensation, and other employee benefit plans or arrangements which have been maintained by TRW in respect of the Business and which relate and are applicable to current employees of the Business.
4. Copies of summary plan descriptions or other descriptions of all employee life and health insurance plans and other employee welfare plans or arrangements currently maintained by TRW in respect of the Business.
5. A copy of each collective bargaining agreement to which TRW is a party which relates primarily to the Business and which continues after the Closing.
6. A narrative description, to TRW's knowledge, of all organization campaigns or other union activities affecting a substantial number of employees of the Business which have occurred during the past three (3) years.
7. A list of employees of the Business whom TRW will not make available for employment by Purchaser at the Closing.
8. The exceptions to TRW's representations and warranties contained in Section 3.2(k).

Part L - Permits and Approvals

1. To TRW's knowledge, a list of all permits, approvals, qualifications, and the like of any government or governmental unit, agency, board, body, or instrumentality, whether federal, state, or local, issued to or applied for by TRW and used by TRW primarily in its conduct of the Business, with an indication in each case as to whether or not, to TRW's knowledge, such item is assignable to Purchaser by TRW.

2. The exceptions to TRW's representations and warranties contained in Section 3.2(1).

Part M - Compliance with Laws

1. The exceptions to TRW's representations and warranties contained in Section 3.2(m).

Part N - Payment of Taxes

1. The exceptions to TRW's representations and warranties contained in Section 3.2(n).

Part O - Material Events

1. A list of all Material Events, if any, which have occurred since June 27, 1986, which are not reflected on another Part of the Disclosure Package.
2. The exceptions to TRW's representations and warranties contained in Section 3.2(o).

**DOCUMENTS TO BE DELIVERED
BY TRW AT THE CLOSING**

1. Certificate as to the good standing of TRW (as of the date not earlier than ten (10) days prior to the Closing) in the State of Ohio, with telegrams confirming TRW's good standing in such jurisdiction as of a date not more than ten (10) days prior to the Closing Date.
2. Resolutions or certificates evidencing the authorization of the execution, delivery, and performance of this Agreement by TRW and the Subsidiaries and the consummation of the transactions contemplated hereby, certified by the Secretary or an Assistant Secretary of TRW.
3. A certificate dated as of the Closing Date as to the incumbency and signatures of officers of TRW and the Subsidiaries.
4. A certificate dated as of the Closing Date and signed by an Executive Vice President or Vice President and the Secretary or an Assistant Secretary of TRW which (a) evidences the execution and delivery of the Agreement by TRW and the Subsidiaries and; (b) verifies the continuing accuracy of TRW's representations and warranties contained in the Agreement, both as of the date of the Agreement and as of the Closing (as if such representations and warranties had been made anew as of the Closing, except with respect to the effect of transactions contemplated or permitted by the Agreement and with respect to the effect of passage of time upon dated material in the Disclosure Package).
5. Any consent required to be delivered pursuant to Section 5.1(i) of the Agreement.
6. The due diligence certificates described in Section 1.2 of the Agreement.

DOCUMENTS TO BE DELIVERED
BY PURCHASER AT THE CLOSING

1. Certificate as to the good standing of Purchaser (as of the date not earlier than ten (10) days prior to the Closing) in the State of Delaware, with a telegram confirming Purchaser's good standing in such jurisdiction as of a date not more than ten (10) days prior to the Closing Date.
2. Resolutions or certificates evidencing the authorization of the execution, delivery, and performance of this Agreement by Purchaser and the consummation of the transactions contemplated hereby, certified by the Secretary or an Assistant Secretary of Purchaser.
3. A certificate dated as of the Closing Date as to the incumbency and signatures of officers of Purchaser.
4. A certificate dated as of the Closing Date and signed by a Vice President and the Secretary or an Assistant Secretary of Purchaser which (a) evidences the authorization, execution, and delivery of the Agreement by Purchaser; and (b) verifies the continuing accuracy of representations and warranties of Purchaser contained in the Agreement both as of the date of the Agreement and as of the Closing (as if such representations and warranties had been made anew as of the Closing, except with respect to the effect of transactions contemplated or permitted by the Agreement).